United Nations

Financial report and audited financial statements for the biennium ended 31 December 1993 and Report of the Board of Auditors

Volume III
International Trade Centre

General Assembly
Official Records • Forty-ninth Session
Supplement No.5 (A/49/5)

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

The financial report and audited financial statements for the biennium ended 31 December 1993 and the report of the Board of Auditors regarding the United Nations and the United Nations University are being issued as volume I and volume IV, respectively.

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CONTENTS

		Page
LETTERS OF TRANSMITTAL		vi
I.	FINANCIAL REPORT FOR THE BIENNIUM 1992-1993 ENDED 31 DECEMBER 1993	1
II.	REPORT OF THE BOARD OF AUDITORS	6
III.	AUDIT OPINION	32
IV.	CERTIFICATION OF THE FINANCIAL STATEMENTS	33
V.	ACCOUNTS FCR THE BIENNIUM 1992-1993 ENDED 31 DECEMBER 1993	35
Statement I.	General Fund: status of appropriations for the biennium 1992-1993 as at 31 December 1993	36
Schedule 1.1	General Fund: major objects of expenditure by programme for the biennium 1992-1993 as at 31 December 1993	37
Statement II.	General Fund: statement of income and expenditure and surplus account for the biennium 1992-1993 ended 31 December 1993	38
Statement III.	General Fund: statement of assets and liabilities as at 31 December 1993	39
Statement IV.	Programme support costs: statement of income and expenditure for the biennium 1992-1993 ended 31 December 1993 and statement of assets and liabilities as at 31 December 1993	40
Statement V.	Technical cooperation activities: combined statement of income and expenditure for the biennium 1992-1993 ended 31 December 1993 and combined statement of assets and liabilities as at 31 December 1993	42
Schedule 5.1	Technical cooperation activities financed by trust funds: combined schedule of income and expenditure and fund balance for the biennium 1992-1993 ended 31 December 1993	43
Schedule 5.2	Technical cooperation activities financed by trust funds: combined schedule of income and expenditure and fund balance for the twelve-month period of the biennium 1992-1993 ended 31 December 1992	46

CONTENTS (continued)

		Page
Schedule 5.3	Technical cooperation activities financed by trust funds: combined schedule of income and expenditure and fund balance for the year 1993 ended 31 December 1993	48
Schedule 5.4	Technical cooperation activities financed by the United Nations Development Programme: expenditure by source of funds for the biennium ended 31 December 1993	51
Schedule 5.5	Technical cooperation activities financed by the United Nations Development Programme: project costs by country and region for the year ended 31 December 1993	52
Statement VI.	Training Packs Revolving Fund	54
Statement VII.	ICC/EDP Revolving Fund	55
Notes.	Summary of significant accounting policies	56
Annex.	Statement of changes in financial position	61

ABBREVIATIONS

A. Organizational abbreviations

ITC	International Trade Centre
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
GATT	General Agreement on Tariffs and Trade

B. Other abbreviations

IPF	Indicative Planning Figure
ICC/EDP	International Computing Centre/Electronic Data Processing

31 May 1994

Dear Mr. Chairman,

In accordance with financial regulation 11.4, I have the honour to submit the accounts of the International Trade Centre for the biennium 1992-1993 ended 31 December 1993, which I hereby approve. The financial statements have been drawn up and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(Signed) Boutros BOUTROS-GHALI

Sir John Bourn, KCB
Chairman
United Nations Board of Auditors
New York

30 June 1994

Sir,

I have the honour to transmit to you the following documents:

(a) The financial statements of the International Trade Centre for the biennium 1992-1993 ended 31 December 1993 and the audit opinion of the Board of Auditors;

(b) The report of the Board of Auditors with respect to the above accounts; and

(c) The letter of transmittal to the President of the General Assembly.

Accept, Sir, the assurances of my highest consideration.

(Signed) John BOURN
Comptroller and Auditor General
of the United Kingdom of
Great Britain and Northern Ireland
and Chairman
United Nations Board of Auditors

The Secretary-General
of the United Nations
New York, N.Y.

30 June 1994

Sir,

I have the honour to transmit to you the financial statements of the International Trade Centre for the biennium 1992-1993 ended 31 December 1993, which were submitted by the Secretary-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) John BOURN
Comptroller and Auditor General
of the United Kingdom of
Great Britain and Northern Ireland
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York, N.Y.

I. FINANCIAL REPORT FOR THE BIENNIUM 1992-1993 ENDED 31 DECEMBER 1993

1. The Secretary-General has the honour to submit herewith the financial report and accounts of the International Trade Centre UNCTAD/GATT for the biennium 1992-1993 ended 31 December 1993, comprising seven statements and six schedules.

General Fund

Statement I. Status of appropriations for the biennium 1992-1993 as at 31 December 1993

2. The appropriations for the biennium were originally approved at $36,636,600, a sum which was subsequently increased to $37,794,300 and then reduced to $36,380,100. Expenditures incurred totalled $36,184,032, including unliquidated obligations of $1,498,629, resulting in an unobligated balance of appropriations of $196,068.

Statement II. Statement of income and expenditure and surplus account for the biennium 1992-1993 ended 31 December 1993

3. Income

(a) Under the terms of General Assembly resolution 2297 (XXII) of 12 December 1967 and the decision of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT) dated 22 November 1967, the regular budget of the International Trade Centre should be shared equally between the United Nations and GATT;

(b) The final performance report of the Centre (ITC/BUD/16/Rev.1) provided for estimated expenditures of $36,380,100, including estimated income of $1,449,700, thus requiring a contribution of $17,465,200 from each of the parent bodies.

Other income

Other income was estimated at $806,100 and the actual income amounted to $807,119. This comprised $551,049, rental of premises; $65,840, sale of publications; $117,074, investment income; $66,308, refunds of prior years' expenditures. Miscellaneous income totalled $6,848. In addition, the sum of $643,561 was transferred from the surplus account.

4. Non-expendable equipment

Furniture, equipment and vehicles are charged to the budget at the time of purchase; the value at cost of the items held as at 31 December 1993 was $2,147,064. This compared with a total value of $1,731,725 as at 31 December 1991.

Statement III. Statement of assets and liabilities as at 31 December 1993

5. The assets, liabilities and fund balance of the General Fund include:

(a) Assets

(i) Cash - $2,778,961, including $2,280,627 held in interest-earning deposits;

(ii) Accounts receivable - $231,950 comprising advances to staff members, $142,313, all of which are in course of recovery, accrued interest of $2,376 and miscellaneous items amounting to $87,261;

(iii) Deferred charges - $112,175, including $94,875 education grant advances to staff members deemed to be that part of the total advances pertaining to the portion of the school year completed as at 31 December 1993 (see annex, para. (g) (ii)); and $17,300 miscellaneous items payable in advance. These amounts will be charged to the subsequent financial period.

(b) Liabilities

(i) Accounts payable - $18,994;

(ii) Unliquidated obligations - $1,498,629;

(iii) Due to International Trade Centre trust funds - $600,731;

(iv) Deferred income - $807,684.

In addition to the above-mentioned liabilities, ITC has financial commitments in respect of leases extending beyond the end of the financial period ended 31 December 1993. The estimated costs of these arrangements to be met from the appropriations of the following two biennia are:

	1994-1995	1996-1997
Lease of ITC HQs building	$2 506 940	$2 506 940
Lease of reprographic equipment	$52 043	$30 302
Lease of photocopies	$79 732	$39 866

(c) Fund balance

The fund balance as at 31 December 1993 was $197,048, compared with balance of $433,985 brought forward from the biennium 1990-1991. An analysis of the changes in the fund balance is shown in statement II.

Programme support costs

Statement IV. Statement of income and expenditure for the biennium 1992-1993 ended 31 December 1993 and statement of assets and liabilities as at 31 December 1993

6. During the biennium, the income from contributions to support costs was $7,105,134. Other income amounted to $202,128 and comprised $56,349 investment income; $54,141 savings on liquidation of prior years' obligations; and $91,638 miscellaneous income. Expenditures totalled $7,666,636, resulting in an excess of expenditure over income of $359,374. The fund balance as at 31 December 1993 reflected a surplus of $211,872.

Technical cooperation activities

Statement V. Combined statement of income and expenditure for the biennium 1992-1993 ended 31 December 1993 and combined statement of assets and liabilities as at 31 December 1993

7. The assets, liabilities and fund balance of the trust funds and United Nations Development Programme (UNDP) include the following:

A. Trust Funds

(a) Assets

(i) Cash held totalled $11,283,917 of which $426,603 represented cash at banks, $10,853,609 interest-bearing deposits, and $3,705 held by imprest holders;

(ii) Contributions receivable for future years totalled $3,540,306;

(iii) Miscellaneous accounts receivable amounted to $249,365 comprising $110,272 advances to staff members, $19,497 accrued interest and $119,596 other items;

(iv) Due from ITC General Fund - $600,731;

(v) Due from ITC programme support costs - $597,370;

(vi) Interfund balances receivable - $397,243;

(vii) Due from UNDP for excess of expenditure over funds provided - $183,808;

(viii) Unspent allocations - $2,995;

(ix) Deferred charges and other assets totalled $2,760,427 and included $2,705,102 in respect of unliquidated obligations for future periods, and $7,165 education grant advances to staff members deemed to be that part of the school year completed as at 31 December 1993, and $48,160 miscellaneous items.

(b) Liabilities

(i) Accounts payable totalled $163,368 comprising $110,291, the balance of the report processing account; $120, the value of payment requests issued to field offices; $9,928 in respect of outdated cheques; and $43,029 other accounts payable;

(ii) Unliquidated obligations as at 31 December 1993 amounted to $2,199,205 for the current period and $2,705,102 for future periods;

(iii) Due to the United Nations General Fund - $1,091,694;

(iv) Due to the Training Packs Revolving Fund - $36,827;

(v) Due to the ICC/EDP Revolving Fund - $122,475;

(vi) Deferred income - $11,071,943 comprising $7,531,637 contributions received for future years; $3,540,306 contributions receivable for future years.

(c) Operating reserve

This reserve is maintained to meet contingencies arising from the termination of employment of experts, etc. and is derived, inter alia, from the difference between the standard costs applied to projects and the actual costs incurred. As reflected in the summary of significant accounting policies (see annex), it is the Centre's policy to maintain this reserve at a predetermined level ($1,087,816 for the biennium 1992-1993), and, with the general agreement of the donors, the first charge upon interest accruing from the investment of funds is to maintain this reserve at that level.

(d) Fund balance

The fund balance as at 1 January 1992 was $3,435,016 which, together with the contributions during the biennium of $29,992,048, allocations of $419,885 and interest on investments of $716,940 resulted in funds available totalling $34,563,889. Project expenditures, including unliquidated obligations of $2,199,205 amounted to $33,426,157, of which $3,776,019 related to support cost contributions. After taking into account the above, the fund balance as at 31 December 1993 was $1,137,732.

B. United Nations Development Programme

(a) Assets

(i) Cash held totalled $84,328, of which $78,794 represented cash at banks and $5,444 was held by imprest holders;

(ii) Accounts receivable totalled $1,479,497 and included $1,238,274 in respect of amounts due from other agencies, advances to staff members of $81,149 and miscellaneous items, $160,074;

(iii) Due from UNDP for excess of expenditure incurred over funds provided - $383,476;

(iv) Unspent allocations - $9,757,230;

(v) Deferred charges and other assets amounted to $829,067 and comprised $808,570 in respect of unliquidated obligations for future periods, $5,020 in education grant advances to staff members deemed to be that part of the total advance pertaining to the school year completed as at 31 December 1993 and $15,477 in respect of other items. These amounts will be charged to the subsequent financial period.

(b) Liabilities

(i) Accounts payable totalled $317,760 and included $22,007 due to other agencies, $237,044 in respect of unliquidated obligations billed to other agencies, and $58,709 in respect of other items;

(ii) Unliquidated obligations as at 31 December 1993 amounted to $1,252,705 for the current period and $808,570 for future periods;

(iii) Interfund balances payable - $397,243;

(iv) Deferred income - $9,757,230.

8. Details of trust fund income and expenditure for the individual years of the biennium are provided in schedules 5.2 and 5.3, respectively. UNDP expenditures during 1993, analysed by source of fund and by country, are shown in schedules 5.4 and 5.5, respectively.

Write-off of receivables

9. In accordance with financial rule 100.14, nine cases, totalling $2,740 were approved for write-off. Before being submitted, the cases were examined and it was determined that every effort had been made to collect the amount due, that further efforts would be fruitless and that the investigation did not attach responsibility for the loss to any official of the United Nations. The cases were reported to the Board of Auditors in accordance with the provisions of financial rule 111.10 (b).

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. The Board of Auditors has examined the financial statements of the International Trade Centre (ITC) (UNCTAD/GATT) for the period 1 January 1992 to 31 December 1993 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit has been conducted in conformity with Article XII of the Financial Regulations and Rules of the United Nations and the annex thereto, and the Common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These standards require that the Board plans and performs the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

Audit objectives and approach

2. The Board's audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The examination was based on an assessment of ITC's accounting systems and controls and a test audit in which all areas of the financial statements were subject to direct substantive testing of transactions. The audit also included an assessment of the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. The Board considers its audit approach provides a reasonable basis for its opinion. Whilst the financial statements are the responsibility of ITC's management, the responsibility of the Board is to express an opinion whether, based on its audit, the financial statements present fairly the financial position of ITC at 31 December 1993.

3. The financial audit for the 1992-1993 biennium included an examination of ITC's General Fund; the Special Accounts for Programme Support Costs; ITC's technical cooperation activities financed by UNDP, trust fund donors and other external sources; and the Revolving Funds for Training Packs and EDP activities.

4. The Board's examination included a general review and such tests of the accounting records and other supporting evidence as it considered necessary in the circumstances. These audit procedures are designed primarily for the purpose of forming an opinion on ITC's financial statements. Consequently, the work carried out by the Board did not involve a detailed review of all aspects of budgetary and financial information systems and the results cannot be regarded as a comprehensive statement on them.

5. In addition to its audit of the accounts and financial transactions, the Board carried out reviews under Article 12.5 of the United Nations Financial Regulations. The reviews primarily concern the efficiency of financial procedures, the internal financial controls and, in general, the administration and management of ITC.

6. In 1992-1993, the Board examined the following areas:

(a) ITC's planning, monitoring, and evaluation of technical cooperation activities at programme and project level;

(b) ITC's arrangements for the introduction of the Integrated Management Information System (IMIS);

(c) Procurement procedures for project and non-project supplies and equipment.

7. A list of the Board's principal recommendations is contained in paragraph 14. A summary of the main findings arising from the Board's audit is reported in paragraphs 15 to 35. The Board's detailed findings are reported in paragraphs 36 to 120.

Action taken on recommendations in previous reports to the General Assembly

8. The Board has, as requested by the General Assembly in resolution 47/211 of 23 December 1992, carried out a review of the measures taken by ITC in response to the recommendations made by the Board in its audit report for the biennium ended 31 December 1991. ITC has responded positively to the Board's recommendations. The details of the actions taken by ITC, together with the comments of the Board, are set out in the annex to this report. A number of the topics covered are also discussed further in this report.

Overall results

9. The Board's examination revealed no weakness or error considered material to the accuracy, completeness and validity of the financial statements as a whole. In accordance with normal procedures, the Board recorded significant findings in management letters to the ITC secretariat. None of these matters affected the Board's audit opinion on ITC's financial statements and schedules for the biennium. Accordingly, the Board has placed an unqualified opinion on ITC's financial statements for 1992-1993.

10. The Board is required to comment on any events which, although properly excluded from the accounts, are of such importance that they should be brought to notice. ITC bases its financial statements on the fundamental accounting assumption of going concern. This assumes that the organization has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operations. The ITC's Joint Advisory Group is the intergovernmental body which provides overall direction to the work of the Organization. The Board noted that at its twenty-sixth session in November 1993, six major trust fund donors (who together contributed 60 per cent of trust fund income in 1992-1993) warned that, until the appointment of a new ITC Executive Director, they were unable to commit funds to the Organization for 1994 at a level consistent with their contributions for 1992 and 1993. These donors would, however, honour commitments to ongoing projects in 1994.

11. In January 1994, the Secretary-General of the United Nations and the Director-General of GATT agreed that the post of Executive Director should continue to be filled at the Assistant-Secretary-General level. In mid-March 1994, they announced the appointment of a new Executive Director for a period of three years, starting in early June 1994.

12. Immediately following this announcement, the Officer-in-Charge of ITC wrote to the six major trust fund donors to inform them of the appointment of a new Executive Director and to request confirmation of funding levels for 1994. In respect of these donors, ITC was planning its activities on the assumption that these donors would restore their contributions to the level originally envisaged, although ITC had not received formal notification to this effect from the donors. Most of these donors have since informed ITC that they will not be

able to consider a resumption of their trust fund contributions until they have discussed the future activities of ITC with the new Executive Director.

13. The Board considers that, should contributions for new projects not be received in 1994 from major trust fund donors or from other sources of income on a scale comparable with previous years, then these circumstances will require ITC to modify significantly the scale of its operations. Accordingly, the Board recommends that ITC establish a contingency plan to ensure that its planned activities and use of resources are commensurate with the funds available to the Organization.

Recommendations

14. The Board's principal recommendations are set out below:

Financial matters

(a) ITC should expand its statement of changes in financial resources to include not only the General Fund, but all other funds operated by the Organization (para. 38);

(b) In future, ITC should request and receive the endorsement of donors before increasing the level of the operating reserve (para. 44);

(c) Wherever possible, ITC should consider using more temporary and short-term staff for programme support activities (para. 52);

(d) ITC should document thoroughly all transfer of staff between funds before the assignments take place (para. 56);

(e) ITC and the United Nations Office of Inspection and Investigations should agree on annual workplan, timetable and budget for the internal audit of the Organization (para. 63);

Management issues

Procurement of goods and services

(f) ITC should let service contracts on the basis of competitive bidding at regular intervals, ideally every two or three years (para. 79);

Technical cooperation and programme and projects

(g) ITC should pay more attention to assessing the relevance of project ideas and proposals against its stated priorities (para. 92);

(h) ITC should continue to take steps to ensure that project objectives and outputs are defined in specific and quantifiable terms (para. 96);

(i) ITC should introduce a computerized project monitoring system (para. 101);

(j) ITC should, when drawing up its evaluation plan, identify clearly the source and value of funds for carrying out this work (para. 110);

(k) ITC should continue to apply a lower threshold of $400,000 for the evaluation of trust fund projects subject to this being cost effective (para. 118); and

(l) ITC should strengthen its planning of ex post facto evaluation at the project level (para. 119).

Summary of main findings

Financial matters

On Common Accounting Standards

15. The Board's review indicated that ITC has applied a number of the United Nations System Common Accounting Standards in preparing its 1992-1993 financial statements, but that further work needs to be done in the 1994-1995 biennium to bring ITC's accounts fully into line with these standards (paras. 36 to 38).

On the use and level of the operating reserve

16. In 1992-1993 ITC increased the level of the operating reserve from $700,000 to $1,087,816. The $387,816 transferred to the reserve resulted from standard project costs exceeding actual costs by this amount. ITC informed trust fund donors of its intention to increase the level of the operating reserve in this way, but did not request positive confirmation from donors of their agreement (paras. 42 to 44).

On the administration and use of the Programme Support Costs Fund

17. ITC does not carry out a global analysis of the use of the Support Costs Fund to ensure that expenditures comply with United Nations requirements. Hence, the Board was unable to confirm that the expenses charged against this Fund were consistent with these requirements. The Board considers that it would be useful for the United Nations to review and clarify this administrative instruction in order to provide a clearer definition of eligible support cost expenditures. This would enable organizations, including ITC, to monitor more easily its compliance with the guidelines on the use of the Support Costs Fund.

18. The Board noted that in 1992-1993 around 70 per cent of the expenses charged to the Support Costs Fund were salary costs for staff with permanent status or fixed-term contracts for three years or more. The Board is concerned that the funding of such permanent staff positions from declining programme support cost revenue could lead to insufficient resources being available to meet such commitments. The Board notes that ITC will continue to closely monitor the situation (paras. 45 to 52).

On the transfer of personnel responsibilities and associated salary charges from the Programme Support Costs Fund to the General Fund

19. The Board noted that during 1992-1993 personnel normally funded from Programme Support Costs was assigned to vacant General Fund posts to carry out the duties of those posts. The Board considers that the job descriptions of the tasks performed by these staff were not adequately documented to demonstrate that the tasks performed by these temporary assignees were consistent with those of the established General Fund posts. The Board recommends that in the future

ITC documents thoroughly all transfers of staff between funds before the assignments take place (paras. 53 to 56).

On the impact of revised UNDP arrangements for project execution

20. During 1992-1993, ITC experienced a sharp decline in the value of the UNDP-funded projects, if executed. This resulted in a reduction in income from support costs from UNDP from $4.3 million in 1990-1991 to $3 million in 1992-1993 (paras. 57 to 59).

On inventory control

21. The Board's review of the new computerized inventory control system for field projects indicated that the inventory was up to date, and that the new system provides an adequate means of control for non-expendable equipment (para. 60).

On internal audit coverage

22. Internal audit coverage of ITC during the 1992-1993 biennium mainly comprised a review of 10 technical cooperation projects. The Board is concerned to note that ITC did not receive wider internal audit coverage in 1992-1993 (paras. 61 to 63).

Management issues

On vacancies in top management

23. Throughout the biennium a number of senior management positions at ITC remained unfilled. A new Executive Director was appointed in mid-March 1994 (paras. 65 to 67).

On the introduction of the Integrated Management Information System (IMIS)

24. ITC uses the accounting services of the United Nations Office at Geneva (UNOG). The United Nations plans to introduce a new Integrated Management Information System (IMIS), including financial and personnel systems, in the 1994-1995 biennium, which, in principle, ITC also plans to adopt.

25. ITC did not consider any alternatives to IMIS. Nor did ITC request the United Nations to provide it with information on the estimated cost of using the new system or on the level of service it can expect from it. The Board considers that, to ensure the most economical and efficient provision of their financial and personnel systems, ITC should have carried out a feasibility study, including a cost benefit analysis of the different options available to them.

26. ITC has not established an overall timetable for its participation in IMIS or drawn up detailed implementation plans for specific parts of the system.

27. ITC has no clear mechanism to budget for or identify the costs incurred on the IMIS project as a whole (paras. 68 to 74).

On procurement of goods and services

28. The Board examined a sample of purchase requests, purchase orders and contracts incurred under both regular budget and extrabudgetary funds. The Board is satisfied that ITC usually awards contracts for the purchase or rental of services, supplies and equipment only after competitive bidding or calling for proposals. However, the Board found that a number of service contracts had been extended or awarded without the use of competitive bidding (paras. 75 to 79).

ITC's technical cooperation programme and projects

On planning

29. The United Nations Medium-Term Plan (MTP) contains broad descriptions of the purposes of each subprogramme but does not specify quantifiable targets or outputs. The Board suggests that future guidance on the formulation of MTPs include the requirement for programme objectives to be specific and quantifiable. ITC does not use the MTP specifically to establish shorter-term operational targets for its technical cooperation activities. The Board welcomes ITC's efforts to establish global priorities.

30. The Board's review of a sample of project documents found that they usually follow the prescribed standard format. However, the Board considers that project objectives and outputs are often too broad and do not specify measurable targets in terms of quantity or quality. Also, the Board considers that ITC should pay more attention at the planning stage as to whether the project is sustainable in the long term (paras. 80 to 97).

On monitoring

31. The Board's review of a sample of project progress reports submitted in 1992-1993 indicated significant deficiencies, with reports tending to place more emphasis on planning for the next project phase rather than providing a progress report on achievements to date.

32. ITC does not operate a formal centralized monitoring system embracing both UNDP and trust fund projects to ensure that project officers complete progress reports on time, in the required format and with the requisite amount of detail (paras. 98 to 105).

On evaluation

33. The Board welcomes ITC's initiative to retain independent evaluations at programme level.

34. ITC's formal procedures apply UNDP criteria to trust fund projects financed from other sources, but state the use of a lower threshold for evaluation, around $300,000-$400,000. ITC informed the Board that, in practice, it increasingly applies the higher threshold of $1 million to trust fund projects as well.

35. The Board notes that ITC carries out very few ex post facto evaluations (paras. 106 to 119).

Detailed findings on financial matters: 1992-1993 biennium

Common Accounting Standards in the United Nations system

36. In 1993, following the final report of the United Nations Working Party on Accounting Standards, the Administrative Committee on Coordination approved formal accounting standards for the United Nations system. The General Assembly took note of the standards in its resolution 48/216 C of 23 December 1993.

37. The Board assessed the extent to which ITC's financial statements for the 1992-1993 biennium conform to the Common Accounting Standards. Our review indicated that ITC has applied a number of the standards in 1992-1993, but that further work needs to be done in the 1994-1995 biennium to bring the ITC financial statements fully into line with these standards. The main areas for attention include the calculation and disclosure of the full long-term liability for termination benefits discussed further in paragraphs 43 to 45, and the statement of changes in ITC's financial resources referred to below.

38. The Board acknowledges that ITC, in line with paragraph 21 of General Assembly resolution 47/211, has included a statement of sources and applications of funds as part of its financial statements for 1992-1993. This statement of changes in financial resources, however, relates only to ITC's General Fund. The Board recommends that, for the 1994-1995 biennial accounts, ITC includes all other funds operated by the organization in this statement.

Calculation and disclosure of the full long-term liability for termination benefits

39. The Board's 1990-1991 report recommended that ITC should consider disclosing an estimate of the full, long-term liability for all costs payable upon termination, such as repatriation grants, termination indemnities and accumulated leave.

40. The ITC agreed that disclosure of the estimated full long-term liability for termination benefits in a footnote to the financial statements would make the accounts more meaningful, but ITC has not included this information in its financial statements for the 1992-1993 biennium.

41. The United Nations system Common Accounting Standards state that, in so far as such liabilities are not fully provided for in the accounts, appropriate disclosure should be made in notes to the financial statements, and the total estimated liabilities quantified where possible. The Board therefore reiterates the recommendation contained in its 1990-1991 report. In implementing the recommendation in the 1994-1995 biennium, the Board suggests that ITC follow guidance contained in the United Nations system Common Accounting Standards.

Use and level of the operating reserve

42. For projects financed from technical cooperation trust funds ITC has, since 1982, maintained an operating reserve at a predetermined level of $700,000. ITC operates a system of standard costing for trust fund projects. Projects are charged at a standard cost for the provision of experts' services. The difference between the standard costs applied and the actual costs incurred is transferred to the operating reserve.

43. In the 1992-1993 biennium, standard costs exceeded actual costs by $387,816. Where this situation occurred in previous biennia, ITC retroactively adjusted project accounts to ensure trust fund donors were credited in respect of any amounts overcharged. However, in November 1993, ITC wrote to all trust fund donors outlining the organization's intention to transfer the amount of $387,816 to the operating reserve, resulting in a new level of $1,087,816. ITC did not request specific positive confirmation from donors that they agreed to this new arrangement. Instead, ITC stated that it intended to increase the level of the operating reserve to $1,087,816 unless donors informed it to the contrary. By March 1994, four donors, representing 22 per cent of total biennial trust fund income, had written to ITC to express their agreement to this increase in the level of the operating reserve. ITC had not received any responses from donors indicating that they did not agree with the new arrangements.

44. Nevertheless, the Board recommends that in the future ITC requests and receives the endorsement from all donors before increasing the level of the operating reserve.

Administration and use of the special accounts for programme support costs

45. During its audit of the Special Accounts for Programme Support Cost, the Board noted that the expenditure charged to this account was not specifically identified or analysed by ITC to determine that the use of these funds complied with the relevant United Nations administrative instruction (ST/AI/286 dated 3 March 1982). This states in Section III, B that:

> "... Offices utilizing programme support resources should ensure an equitable distribution among project management, programme management and the central administrative functions (i.e., finance, personnel and general services)."

It also states that there should be a

> "... demonstrable relationship between the supporting activity concerned and the activities which generated the programme support revenue".

46. ITC does not carry out a global analysis of the use of the Programme Support Cost Accounts to ensure that expenditures comply with United Nations requirements. Hence, the Board was unable to confirm that the expenses charged against this fund were consistent with administrative instruction ST/AI/286. The Board considers that it would be useful for the United Nations to review and clarify this administrative instruction in order to provide a clearer definition of eligible support cost expenditures. This would enable organizations, including ITC, to monitor more easily their compliance with the guidelines on the use of the Programme Support Cost Fund.

47. The Board noted that during the 1992-1993 biennium certain staff posts which are normally paid for from the regular budget were sometimes financed by support costs or projects, and some posts which should normally be covered by support costs were sometimes financed by projects.

48. The Board is concerned that this significant use of flexibility in the source of funding, especially for staff posts, leads to the risk that Programme

Support Cost expenditure does not comply with the relevant United Nations administrative instructions.

49. ITC has accepted the Board's recommendation that it should budget and account for expenditure to the Programme Support Costs Fund in accordance with the categories stipulated in administrative instruction ST/AI/286. This will facilitate the periodic analysis of expenses to ensure that United Nations procedures are being followed.

50. The Board noted that around 70 per cent of the expenses charged to the Programme Support Cost Fund are salaries and other personnel costs for staff with permanent status or fixed-term contracts for three years or more. However, support cost income is declining (down more than 20 per cent in 1992-1993 over 1990-1991), reflecting significant decreases in UNDP funding for technical support activities. There are, therefore, indications that funding the current level of permanent/fixed-term contract staff from the support costs budget is becoming increasingly difficult, requiring bi-monthly updates to ensure the balancing of expenditures with support cost revenues. Should the downward trend for funding from UNDP and other donors continue, it will impact adversely on the availability of support costs funding and cash flow (see also paras. 61-63). This will place ITC at a high risk of incurring significant costs to release permanent or fixed-term contract staff in order to meet budgetary constraints.

51. The Board noted that ITC does not consider it feasible to employ more short-term staff rather than permanent staff for programme support activities. This is primarily because ITC wishes to build up knowledge of its activities through the employment of permanent staff.

52. Nevertheless, the Board is concerned that the funding of permanent staff positions from declining programme support cost revenue could result in insufficient resources being available to meet such commitments. ITC informed the Board that it has been extremely prudent in using extrabudgetary resources to finance the salary costs of staff with permanent status or fixed-term contracts of three years or more. For example, extrabudgetary funded professional posts have declined from 17 in 1991 to 12 in 1993. The Board continues to recommend, wherever possible, that ITC considers using more temporary and short-term contract staff for programme support activities.

Transfer of personnel responsibilities and associated salary charges from the Programme Support Costs Fund to the General Fund

53. On various occasions during the 1992-1993 biennium, ITC had between 9 and 11 vacant regular budget posts, the vacancies resulting mainly from the non-appointment of the Executive Director. During the biennium, the Board noted that ITC either temporarily recruited external candidates or assigned personnel normally funded from Programme Support Costs to carry out the duties of the regular budget posts. In the latter case, ITC made the corresponding transfer of salary charges from the Programme Support Costs Fund to the General Fund.

54. The staff transfers were decided upon in directors' meetings. The Officer-in-Charge retroactively approved the transfer of the associated salary costs from Programme Support Costs to the General Fund. However, the Board considers that the job descriptions of the tasks performed by these staff were not adequately documented to demonstrate that the tasks performed by these temporary assignees were consistent with those of the established General Fund

posts. Hence, the Board was unable to determine whether and to what extent staff switched from their previous responsibilities for the support of technical projects actually fulfilled those tasks required under the General Fund positions.

55. The Board recommends that in the future ITC documents thoroughly all staff transfers between the General Fund and the Programme Support Costs Fund to reflect fully the changes in responsibilities and the time period to which they relate.

56. The Board recommends that the written justifications for these transfers confirm the applicability of the tasks to be performed to the funding source; for example, whether the tasks relate to an established General Fund post, to a programme support funded post, or to a post funded directly by technical cooperation projects. The Board considers that its recommendation set out in paragraph 50 that the United Nations review and clarify administrative instruction ST/AI/286 on eligible programme support cost expenditures, should help in this matter. The Board also recommends that ITC documents these changes in job responsibilities before the assignments take place.

Impact of revised UNDP arrangements for project execution

57. ITC executed around 100 UNDP-funded projects during the 1992-1993 biennium, with project expenditure amounting to approximately $14 million, excluding programme support costs. The corresponding figures for the 1990-1991 biennium are 110 projects with project expenditure amounting to $32.9 million. Project expenditure in 1992-1993 yielded approximately $3 million in programme support costs income, compared with $4.3 million earned in 1990-1991.

58. Several factors contributed to the decline in the number of UNDP-funded projects at ITC during the 1992-1993 biennium. First, 1992 was the first year of the fifth programming cycle and in a number of cases country programmes had to be approved by the UNDP Governing Council before new projects could start. Secondly, under UNDP's recently launched programme approach, considerable time was required for preparation by Governments of national programmes on which individual projects were to be based. Thirdly, project implementation by national Governments has been much more extensive in 1992-1993 than previously, resulting in fewer UNDP-funded trade promotion projects executed by ITC. This trend is likely to continue in future biennia.

59. The steep decline in ITC's execution of UNDP-funded projects during 1992-1993 also resulted in a reduction in income from support costs from UNDP. However, the reduction was not as severe as it might have been because of UNDP's flexibility arrangement with ITC. The additional income obtained under these arrangements offset, to a certain extent, the negative financial impact of the decline in implementation. As of April 1994, UNDP had confirmed ITC allocations for 1994-1995 of $9.7 million.

Inventory control

60. In 1992, ITC introduced a new computerized inventory control system for field projects. The Board's review, in October 1993, indicated that the inventory was up to date and provides an adequate means of control for non-expendable equipment.

Internal audit coverage

61. Internal audit coverage of ITC during the 1992-1993 biennium mainly comprised a review of 10 technical cooperation projects. The review concentrated on compliance with United Nations budgetary and financial procedures and personnel administration, including the recruitment and contractual arrangements for project consultants. The work also involved an assessment of how ITC manages projects, including procedures for monitoring and evaluation. The Board found this work to be of a good standard and took the findings into account in its own work on project management.

62. However, the Board is concerned to note that ITC did not receive wider internal audit coverage during the biennium, for example in the areas of payroll, payments to suppliers and staff claims and allowances.

63. To ensure that ITC receives an internal audit service commensurate with the post they finance, the Board recommends that ITC and the Internal Audit Division agree on an annual work plan, timetable and budget specifically for the organization. The Board also recommends that ITC monitors internal audit activity against the agreed plan of work.

Write-off of losses of cash, receivables and property

64. ITC informed the Board that there were no write-offs during the 1992-1993 biennium in respect of losses of cash or property. In accordance with United Nations financial rule 111.10 (b), ITC provided the Board with details of nine cases of receivables written off during the 1992-1993 biennium, totalling $2,740. The Board has reviewed these cases, and is satisfied that in reaching their decisions, the Secretariat took the circumstances of each case into account. Seven of the nine cases related to the overpayment of textbook allowances arising from a misinterpretation of the United Nations rules on education grant entitlement. ITC has taken steps to ensure it now applies these rules correctly.

Detailed findings on management issues: 1992-1993 biennium

Vacancies in top management

65. The Board of Auditors' report on the financial statements for the period ended 31 December 1991 (A/47/5) drew attention to three vacant posts in ITC's senior management and recommended that they be filled without any further delay.

66. The Board noted that the post of Executive Director became vacant in January 1992, and that of the Deputy Executive Director in May 1992. The post of Director of Administration became vacant in September 1991. As an interim measure, in May 1992, one of the Centre's three remaining directors was designated Officer-in-Charge on a temporary basis, but this appointment did not carry the full authority of the Executive Director. Hence, strategic and other major decisions and long-term planning, including the appointment of other senior staff, remained unaddressed throughout the 1992-1993 biennium. The Board expressed concern that the positions of Executive Director and Director of Administration have remained vacant throughout the 1992-1993 biennium, and that of the Deputy Executive Director for most of the biennium.

67. Following a review, the Secretary-General and the Director-General of GATT announced in mid-March 1994 the appointment of a new Executive Director. The Board welcomes the news of this senior appointment and notes that the Executive Director has already initiated action to fill the other long-standing senior vacancies.

Introduction of the Integrated Management Information System (IMIS)

68. ITC uses the accounting services of the United Nations Office at Geneva (UNOG). UNOG carries out certain functions, including bookkeeping, bill paying and payroll, on behalf of ITC. In the 1992-1993 biennium, this arrangement cost ITC about $800,000. As part of the wider United Nations strategy, UNOG plans to introduce a new integrated management information system (IMIS), including financial and personnel systems, in the 1994-1995 biennium.

69. ITC has decided, in principle, that it, too, will adopt IMIS. They have kept in touch with the development of IMIS by sending a representative to user group meetings in Geneva and through informal contacts. However, internally, ITC has not planned or budgeted for specific resources to oversee the implementation of IMIS.

70. ITC did not consider any alternatives to IMIS. ITC informed the Board that, when the Centre was established as a separate organization, a case was made in the interest of economy, for the Centre to make maximum use of the administrative infrastructure then existing at UNOG. ITC considers that these assumptions remain valid today. ITC therefore believes that, if the United Nations adopts IMIS, ITC should also work with the new system.

71. ITC has very little information on the estimated cost of using the new system or on the level of service they can expect from it. The Board considers that, to ensure the most economical and efficient provision of their financial and personnel systems, ITC should have carried out a feasibility study, including a cost benefit analysis, of the different options available to them. ITC should then have evaluated the options against pre-determined, quantifiable criteria such as cost, service provision and time-responsiveness. ITC informed the Board that it considers that it would have been faced with the same constraints as the 1992 independent evaluation for the United Nations IMIS project as a whole, which concluded that it was not possible to attach precise monetary values to potential benefits as the information to do this was not available. ITC considers it will derive other specific benefits from IMIS, including the ability to communicate with other offices by electronic mail.

72. ITC has not established an overall timetable for its participation in IMIS, or drawn up detailed implementation plans for specific parts of the system. In large measure this has been due to a lack of detailed information from the IMIS project team at the United Nations.

73. In respect of hardware, ITC has defined its requirements and will receive the software for IMIS administrative procedures free of charge. However, ITC has not yet carried out a detailed work flow analysis to enable either modification to existing systems to be incorporated or clerical procedures to be changed. The Board considers that, while this analysis may still be useful, it would have been more beneficial had ITC carried it out at a much earlier stage of IMIS development. This is particularly so given the extent of the clerical interface between ITC and the present UNOG systems. ITC informed the Board that it intends to await the outcome of the United Nations work flow analysis before deciding finally how to proceed with its own work flow analysis. ITC will also

take into consideration the results of a work flow study it is commissioning in connection with the installation of a local area network for in-house applications. The Board considers that carrying out the IMIS work flow analysis at such a late stage could delay further the implementation of the project.

74. ITC has no clear mechanism to budget for or identify the costs incurred on the IMIS project as a whole. Instead, ITC charges IMIS costs to the object of expenditure code to which they relate (for example, contractual service, supplies and materials). Since these budget lines include charges for a number of different activities, ITC cannot easily identify and group together those costs relating specifically to IMIS.

Procurement of goods and services

75. In 1992-1993, ITC spent $5.2 million on goods and services, excluding short-term staff and consultants. Of this, $1.2 million related to regular budget administrative expenditure at ITC headquarters, and $4 million to extrabudgetary technical cooperation projects.

76. The Board examined a sample of purchase requests, purchase orders and contracts incurred under both regular and extrabudgetary funds. The Board also reviewed the decisions of the ITC Committee on Contracts and Property Survey Board.

77. The Board is satisfied that ITC, in accordance with United Nations financial rule 110.18, usually lets contracts for the purchase or rental of services, supplies and equipment only after competitive bidding or calling for proposals. Where ITC had not used competitive tendering, it had recorded and justified its reasons for not doing so in accordance with the categories provided for under United Nations financial rule 110.19.

78. The Board noted that three of ITC's service contracts, for office cleaning, catering and security, terminated on 31 December 1992. The cleaning and security contracts have been held by the same contractor for at least the last seven years. Over that time the contracts have been renewed at periodic intervals without competitive tendering. Biennial expenditure for office cleaning and security amounts to approximately $460,000. In August 1992, the Officer-in-Charge approved the recommendation of the Committee on Contracts that ITC should extend the cleaning contract for a further three years, and the security contract for one year. Neither decision was based on competitive tender. In the case of the security contract, ITC approved a one-year extension only because it was dissatisfied with certain aspects of the contractor's performance during the previous year. In 1993, ITC undertook a competitive tendering exercise for this contract, and has since selected a new contractor. ITC decided to renew the catering contract for five years based on the results of a 1991 competitive tendering exercise undertaken for the UNOG restaurant facilities. ITC informed the Board that in the past it had not undertaken competitive tendering for service contracts where it valued the experience of existing contractors, who continue to provide a high level of service.

79. To ensure the provision of appropriate levels of service at lowest cost, the Board recommends that ITC carries out competitive tendering exercises for service contracts at more regular intervals than it has done in the past, ideally every two or three years.

Management of the technical cooperation programme and projects

Programme planning and global priorities

80. ITC acts as the focal point for all United Nations technical assistance activities in trade promotion. The United Nations Medium-Term Plan for the period 1992-1997 splits the work of ITC into four subprogrammes. These are shown in table 1.

Table 1

ITC technical cooperation expenditure 1992-1993 by subprogramme

Subprogramme	Number of projects	1992 ($M)	1993 ($M)	Total ($M)
Institutional infrastructure, including business organizations for trade promotion and export priorities	93	9.3	6.8	16.1
Product and market research, development and promotion	138	15.0	9.7	24.7
Import operations and techniques	19	2.9	3.1	6.0
Human resource development for trade promotion	17	2.6	1.0	3.6
Total	267	29.8	20.6	50.4

Source: ITC Budget and Finance Sections.

81. The Medium-Term Plan contains broad descriptions of the purposes of each subprogramme but does not specify quantifiable targets or outputs or a time-frame for when they should be achieved. Hence, the objectives are not precise enough to be used as standards against which to measure the impact of ITC's programmes.

82. The Board notes the recent discussion by the General Assembly at its forty-eighth session in December 1993 (A/RES/48/218 B) on a possible new approach to programme planning (A/48/277). The Board recommends that future guidance on the formulation of Medium-Term Plans includes the requirement for programme objectives to be specific and quantifiable. ITC informed the Board that it will adhere to future United Nations guidelines on the formulation of Medium-Term Plans.

83. ITC does not use the Medium-Term Plan specifically to establish shorter-term operational targets for its technical cooperation activities, for example by developing a two-year action plan. However the Board noted that, at its twenty-fourth session in 1991, the Joint Advisory Group adopted global priorities for ITC. The Joint Advisory Group stressed that these seven global priorities should cut horizontally across all four subprogrammes of the Medium-Term Plan as recurring themes of emphasis.

84. In September 1992, ITC carried out a tentative exercise to assess the extent to which projects matched these global priorities. However, the survey

could not gauge the extent or the intensity of the relevance of individual projects to the global priorities, or estimate the proportion of individual project budgets actually allocated to these priorities.

85. The Board recommends that ITC should improve priority setting by defining priorities which are more specific and measurable, and by assigning a time-frame to them.

Technical cooperation projects

86. Technical cooperation projects are funded by trust fund donors; by UNDP; and from resources made available to ITC by the recipient countries themselves or from funds given to them by organizations such as development banks (funds held in trust).

87. During the 1992-1993 biennium, ITC executed around 270 projects, 61 per cent of which were funded by trust fund donors, 32 per cent by UNDP and 7 per cent from funds held in trust. In the period 1986 to 1991, UNDP project expenditure averaged approximately $13.3 million; in 1992 it fell to $9.4 million (table 2). Annual trust fund expenditure has grown steadily over the same period, reaching $17.9 million in 1992 (table 2).

Table 2

1992 UNDP and trust fund expenditure by region

	UNDP		Trust funds		Total	
Region	$M	Per cent	$M	Per cent	$M	Per cent
E. Mediterranean	0.9	10	0.2	1	1.1	4
Latin America	0.9	10	2.3	13	3.2	12
Asia and Pacific	3.7	39	1.1	6	4.8	18
Africa	3.3	35	5.5	31	8.8	32
Interregional	0.6	6	8.8	49	9.4	34
Total	9.4	100	17.9	100	27.3	100

Source: Statistical Appendix to the annual report of ITC for 1992.

88. The Board's examination focused on the two largest subprogrammes: Institutional Infrastructure and Product and Market Development which together accounted for more than 83 per cent of the total technical cooperation expenditure in the 1992-1993 biennium. Within these two subprogrammes, the Board examined nine projects in detail. Total project expenditure for these nine projects amounted to approximately $9.3 million.

Planning

89. In June 1991, ITC set up a Project Appraisal and Clearance Committee (PACC). Its purpose is to appraise and make recommendations on all technical cooperation projects in respect of technical content before submission to donors, UNDP and recipient Governments.

90. Key PACC criteria for appraising project ideas and documents are:

(a) Relevance of the project to ITC's subprogramme in the Medium-Term Plan and global priorities; and

(b) The extent to which ITC has taken into account lessons learnt from past programme and project evaluation.

91. In the period from January 1992 to October 1993, PACC considered 103 documents. Table 3 below shows PACC's decisions on these documents. This indicates that in approximately 73 per cent of cases PACC cleared or made only slight amendments to the projects.

Table 3

Type of action	Clearance, no modification	Clearance, slight modification	Revision/ resubmission	Rejected
Total by category	15	60	27	1

Source: ITC/PACC Minutes 1992-1993 biennium.

92. The Board views ITC's introduction of the PACC as a useful initiative. From its review of the minutes of PACC meetings held in 1992 and 1993, the Board concludes that there is insufficient attention paid to assessing the relevance of project ideas against ITC's stated programmes and global priorities. ITC informed the Board that extensive consultations take place prior to the submission of a project for PACC consideration. These consultations are specifically designed to facilitate the Committee's task in clearing a project. To assist in this process, however, the Board recommends that for each project proposal PACC systematically records its conclusions against each of the stated appraisal criteria.

93. The ITC Manual on Programming, Project Design, Monitoring and Evaluation, issued in 1988, sets out standard procedures for planning all categories of project planning. Usually, national Governments or host country institutions are formally responsible for designing projects. But in practice, ITC, as the executing agency, plays an important role in the process by guiding and advising Governments and institutions and preparing project documents.

94. The project document should set out a detailed justification; include longer-range development as well as immediate project objectives; specify activities and the outputs required; identify the inputs to be provided by Governments and ITC; and incorporate a budget and preliminary work plan. It should also set out the timing of any project reviews and evaluations. Project documents are jointly signed by ITC, the donor and the Government, and constitute the formal agreement between these parties.

95. The Board's review of a sample of project documents found that they usually follow the prescribed standard format. However, the Board considers that project objectives and outputs are often too broad and do not specify measurable targets in terms of quantity or quality. This makes the measurement and evaluation of progress achieved difficult to assess. Also, the Board considers that ITC pays insufficient attention at the planning stage as to whether the project is sustainable in the long term.

96. In June 1993, ITC engaged a consultant to develop training material on project design and planning, and to conduct three workshops for ITC staff. The Board recommends that ITC continues to take steps to ensure project objectives and outputs are defined in specific and quantifiable terms.

Monitoring

97. ITC defines monitoring as the continuous oversight of the implementation of a project. For UNDP-funded projects, the guidelines specify the submission of an annual Project Performance Evaluation Report (PPER). Its main purpose is to provide a systematic assessment of project progress against planned outputs. The equivalent document for trust fund projects is a Project Performance Report (PPR). The frequency of PPRs for trust fund projects depends on the wishes of donors. Donors require reports at least annually, sometimes every six months or at even more frequent intervals.

98. The Board's review of a sample of project progress reports submitted in 1992 and 1993 indicated significant deficiencies:

(a) Reports were often descriptive, couched in general terms, and not directly related to planned objectives and outputs;

(b) Reports placed much more emphasis on planning for the next project phase rather than providing a progress report on achievements to date; and

(c) Report formats varied from project to project and from reporting period to reporting period.

99. At the end of 1992, ITC streamlined procedures for the submission of performance reports (PPRs) to donors for trust fund projects, by introducing a standard report format. The format requires project officers to monitor progress against budget and comment on whether planned activities have proceeded on time. It also includes the requirement for project officers to comment on progress towards the achievements of outputs and objectives. The Board welcomes the introduction of a standard report format for monitoring the progress of ITC trust fund projects.

100. ITC does not operate a formal centralized monitoring system embracing both UNDP and trust fund projects to ensure that project officers complete progress reports on time, in the required format and with the requisite amount of detail. Instead, the Programme and Project Monitoring Section (PPMS) acts as the focal point for reminding project officers to prepare PPRs; PPMS then sends the reports to trust fund donors; the ITC budget section fulfils this responsibility for UNDP-funded projects to the extent that they complete the performance delivery reports for the quantitative aspects of the project. Since the current system operates on a donor or project basis, aggregate information on the status of projects for ITC as a whole is not readily available.

101. The Board recommends that ITC introduces a centralized project monitoring system as soon as possible. The system should, for each project, track progress against quantifiable objectives and outputs; indicate whether activities are taking place as intended and on time; and show when performance reports and evaluations are due. To track the budgetary and financial status of projects, the Board recommends that the project monitoring system incorporates the existing information within the computerized accounting system. In developing a project monitoring system, the Board recommends that ITC draws, to the fullest extent possible, on computerized project monitoring systems already in use within the United Nations system.

102. The absence of quantifiable objectives and outputs for projects and lack of a comprehensive project monitoring system means that ITC does not operate a monitoring system at programme or subprogramme level. The Board recommends that ITC builds on the project-based system to establish a system at programme level. For example, monitoring actual outputs against planned outputs at a subprogramme level would involve setting up performance indicators which ITC could readily apply to the majority of projects within the subprogramme. ITC could then monitor progress against programme objectives by aggregating the projects' outputs.

103. ITC procedures provide for periodic project implementation review meetings (PIRMS) to review project plans and budgets; to examine problem projects; and to monitor expected rates of delivery by the end of the year.

104. Due to the continuation of a number of senior management vacancies, ITC suspended these project implementation review meetings at the start of 1993. However, the Officer-in-Charge continues to review the status of individual projects at the regular directors and chiefs of sections meetings. The management of ITC considers that these meetings provide an adequate overview of the overall status of projects.

Evaluation

105. ITC undertakes two kinds of evaluation: one at the subprogramme or subprogramme element level; the other at project level. For programme evaluation, ITC follows the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation contained in document ST/SGB/PPBME Rules/1 (1987). These Regulations require self-evaluations undertaken by programme managers. ITC programme evaluations go beyond this requirement since they are carried out by independent consultants who report directly to ITC's Joint Advisory Group. During the 1990-1991 biennium, consultants carried out an evaluation of ITC subprogramme 1 on institutional infrastructure; in the 1992-1993 biennium, consultants reviewed subprogramme 3 on import operations and techniques. Following a recommendation by the JAG at its twenty-fourth session in April 1991, ITC also commissioned an independent evaluation on its activities in commodity trade, development and promotion. This was finalized in 1992.

106. ITC also carries out self-evaluations on elements of subprogrammes. In the 1992-1993 biennium ITC undertook one such self-evaluation on trade information and market intelligence.

107. The 1991 independent evaluation on institutional infrastructure raised a number of fundamental issues for ITC. The evaluation report included recommendations on:

(a) The refinement of organizational priorities;

(b) Increased accountability and management of work by subprogramme;

(c) Improved project design, including the need for more detailed preparation work when formulating projects; and

(d) The introduction of formal procedures for ensuring follow-up action on the recommendations contained in both programme and project evaluations.

108. In May 1992, the Officer-in-Charge established an internal ITC Working Group to review the evaluators' recommendations and submit proposals on possible courses of action. The Board reviewed the third report of the Working Group submitted to ITC management at the end of October 1993. The Board considers that, whilst ITC has considered the recommendations at length, it has taken only very limited action to implement them. ITC informed the Board that action had been limited since full implementation of many of the recommendations depended on policy decisions which could only be taken once a new Executive Director was appointed.

109. The Board welcomes ITC's initiative to retain independent evaluations at programme level. Whilst independent evaluations are likely to be more objective than self-evaluations, they are more costly. ITC continues to face difficulties in securing financing for programme evaluations undertaken by external consultants. Initially, ITC financed these independent programme evaluations through trust funds from a single donor. More recently, ITC has obtained finance on an ad hoc basis from a limited number of donors.

110. To ensure the continuance of independent reviews at programme level, the Board recommends that ITC, when drawing up the evaluation plan, identifies clearly the source and amount of funds for carrying out this work.

111. There are three kinds of project evaluation: ongoing, terminal and ex post facto.

112. Ongoing evaluations involve the analysis, during the implementation phase, of a project's current status and relevance, potential effectiveness and impact. Terminal evaluations are evaluations which take place shortly before or shortly after the completion of a project. These evaluations usually focus on assessing whether the project has achieved its planned objectives and outputs. Ex post facto evaluations assess the impact of a project some time after it has finished and take place usually after a period of not less than two years. They assess the sustainability of a project and how far it has contributed to the longer-term development objectives.

113. ITC follows UNDP procedures on evaluation for projects funded from this source. These procedures state that a UNDP-financed project should have at least one ongoing or terminal evaluation when it has any of the following characteristics:

(a) The project is innovative, critical or particularly complex, or has other special or unusual features;

(b) The UNDP budget (including cost-sharing) exceeds $1 million; and

(c) A proposed project revision will involve additional UNDP funds of $400,000 or more, or an extension of two years or more.

114. In the three years from 1991 to 1993, ITC completed 19 UNDP projects, totalling $37.3 million. In five of these cases, amounting to $9.4 million, ITC did not carry out a project evaluation. ITC explained that in these cases it had consulted UNDP on the need for an evaluation, but UNDP had not considered an evaluation necessary. Since UNDP is moving from technical cooperation projects executed by agencies to one of programme execution at national level, UNDP considers the evaluation of closed projects less relevant than previously.

115. ITC's formal procedures apply UNDP criteria to trust fund projects financed from other sources, but state the use of a lower threshold for evaluation, around $300,000-$400,000. However, in practice, ITC informed the Board that increasingly it applies the higher threshold of $1 million to trust fund projects as well. ITC's annual project evaluation planning is also based on a review of the characteristics and status of all projects, and is finalized following consultations with the relevant donors. ITC informed the Board of the importance it attaches to the clearly defined use of the findings of the evaluation, with particular emphasis on the lessons learned.

116. Out of the 48 trust-fund projects completed during the last three years, only 14 (29 per cent) reached the $1 million threshold. Although, in fact, 29 of the 48 projects have had or will have either an ongoing or terminal evaluation, the Board expressed concern that the formal application of the $1 million threshold to trust fund projects in the future is likely to exclude the majority of such projects from evaluation requirements.

117. Concerning the remaining 19 projects, ITC explained that in certain cases donors and ITC had decided jointly that an evaluation would not be appropriate; in others, ITC considered the projects to be ongoing support to their regular, trade advisory activities; in these cases, ITC felt evaluation was more appropriate at the subprogramme or subprogramme element level rather than at individual project level. Seven of the 29 evaluations were self-evaluations, carried out by the project coordinator.

118. The Board recommends that ITC continues to apply the lower threshold of $400,000 for the evaluation of trust fund projects. Should the average value of individual ITC trust fund projects change over time, then ITC should review the financial threshold for evaluation purposes. This will ensure that the threshold remains at the most appropriate level, given the mix of projects undertaken. The Board also recommends that ITC strengthens its cycle of independent evaluations by appointing external consultants rather than using self-evaluations. The Board recognizes and endorses the concern of ITC that in small-scale projects the cost of evaluation may be disproportionate to the value of the project. In such circumstances it may be more appropriate to rely on the built-in evaluation procedures applicable to all projects.

119. The Board considers that ex post facto project evaluations provide the best method for assessing the sustainability and overall long-term effectiveness of a project. The Board notes that ITC carries out very few ex post facto evaluations. ITC welcomes the Board's recommendation to increase ex post facto evaluations, but noted that financial constraints existed. Experience has shown that it was difficult to find ex post facto evaluations from operationally complete projects and consequently different funding arrangements had to be worked out. ITC also pointed out that the evaluation of such programmes automatically includes ex post facto evaluation of projects.

Cases of fraud, presumptive fraud, administrative waivers and ex-gratia payments

120. The ITC secretariat reported no cases of fraud, presumptive fraud, administrative waivers or ex-gratia payments to the Board relating to the 1992-1993 biennium.

Acknowledgement

121. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended by the Officer-in-Charge and the staff of the International Trade Centre during its audit.

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great
Britain and Northern Ireland

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Codanda Ganapathy SOMIAH
Comptroller and Auditor General
of India

30 June 1994

ANNEX

Follow-up on actions taken by the International Trade Centre to implement the recommendations of the Board of Auditors in its report for the biennium ended 31 December 1991 (document A/47/5, volume II)

Board of Auditors' recommendations contained in paragraph 6 of its report on the biennium ended 31 December 1991	Measures taken by ITC	Comments of the Board
(a) The Board recommended that vacancies in the top management of the International Trade Centre should be filled without any further delay (para. 45).	The Secretary-General of the United Nations and the Director-General of the General Agreement on Tariffs and Trade have announced the appointment of the Executive Director. The other vacant top management positions in ITC are expected to be filled soon.	The Board has looked at this matter again in 1992-1993 and has commented further on it (see paras. 68 to 70 of the Board's report).
(b) The Board recommended that internal control procedures with regard to payments of salaries and travel allowances should be reviewed in order to avoid overpayments (para. 47).	ITC took immediate action in collaboration with the Payroll Section of the United Nations at Geneva, to prevent future overpayments and to recover the overpayments made. The sole authorization point for payment of these travel allowances is the Finance Section of ITC.	The Board considers that ITC has taken the necessary action to strengthen its internal control procedures. The Board has confirmed that, with the exception of one case amounting to $25,180, ITC has recovered the sums overpaid. Part of the remaining overpayment has been recovered and ITC has received assurances that the outstanding sum will be repaid.
(c) The Board recommended that financial rule 111.6 should be reviewed in the light of generally accepted accounting principles (para. 50).	ITC revised its accounting treatment of exchange fluctuations in accordance with the Board's recommendations and has applied financial rule 111.6. This rule states that at the closing of the accounts for the financial period, net losses on exchange should be reported as expenditures and net gains on exchange as miscellaneous income. ITC assumes that any review of the rule will be initiated by the Accounts Division of the United Nations.	The Board continues to recommend that the Secretariat revise rule 111.6 to reflect the generally accepted accounting principle that gains should normally only be accounted for once they have been realized, whereas unrealized losses are usually charged immediately to expenditure.

Board of Auditors' recommendations contained in paragraph 6 of its report on the biennium ended 31 December 1991	Measures taken by ITC	Comments of the Board
(d) The Board recommended that the post in the Internal Audit Division of the United Nations, financed by the International Trade Centre should be filled without further delay (para. 54).	The post was filled from 1992 until the incumbent resigned in September 1993. Since then ITC has repeatedly invited the Internal Audit Division to consider requesting the Secretariat to undertake the recruitment and administration of the post since it is located within the European Section of the Internal Audit Division.	The Board recommends that ITC fill the post as soon as possible.
(e) The Board recommended that the practice of issuing contracts to advisers before funding is secured should be discontinued (para. 57).	ITC has ceased this practice and contracts are now issued based upon "core" financing only; appointments are extended in line with secured financing.	The Board's review of recent contract renewals confirmed that they are only awarded for the length of the clearly identifiable project work and for which funding is definitely available. However, the Board noted that the source of funding was, on occasion, programme support cost income and not project funds. ITC informed the Board that it is usual for support cost income to finance part of the contracts of interregional and technical advisers in this way in recognition of their technical back-stopping role.
(f) The Board recommended that the practice of employing project personnel quasi-permanently on a short-term basis should be discontinued (para. 62).	ITC has considerably reduced the number of personnel employed on this basis and is continuing its efforts to phase out the practice altogether.	The Board has confirmed that ITC has accepted their recommendation and that at the end of December 1993 it was only employing three people on this basis.

Board of Auditors' recommendations contained in paragraph 6 of its report on the biennium ended 31 December 1991	Measures taken by ITC	Comments of the Board
(g) The Board recommended that before entering into contracts with consultants/ experts, due regard should also be given to the expenses in addition to the base salary such as travel and per diem (para. 72).	In line with staff regulation 4.2 of the United Nations, ITC regards the paramount consideration when appointing staff is the need to secure the highest standards of efficiency, competence and integrity. ITC does not consider it can take into account costs such as travel expenses since it feels this would discriminate against candidates who are geographically distant to the assignment's duty station. However, when recruiting, consideration will be given to travel costs where it does not represent any discrimination and does not affect the timely implementation of the project concerned.	The Board notes the policy considerations set out by ITC. The Board continues to recommend that, taking account of these considerations, ITC should act with due regard to cost-effectiveness.
(h) The Board recommended that project planning should become more realistic with special regard to project targets and the duration of the projects (para. 84).	ITC considers that technical cooperation projects, at a country and regional level, are always programmed with counterpart institutions, and the projects are often inputs to programmes being undertaken by the institution or other national or regional organizations. For these reasons the project targets and duration of projects are not always solely within ITC's control.	The Board's review of project planning during 1992-1993 indicates that while ITC has taken a number of initiatives to improve project design, notably through training workshops and staff seminars, some project plans continue to be over ambitious in design, and not commensurate with project funds. The Board continues to recommend that ITC improves its procedures for project design and planning (see paras. 93 to 100 of the Board's report).

Board of Auditors' recommendations contained in paragraph 6 of its report on the biennium ended 31 December 1991	Measures taken by ITC	Comments of the Board
(i) The Board recommended that technical cooperation projects should, wherever possible, be based on funding commitments by donors in order to improve project planning and implementation (para. 86).	ITC agrees with this recommendation. The concept of a Global Trust has been under consideration by the Joint Advisory Group since 1991 but a decision has been postponed in the absence of an Executive Director. It is hoped that this matter will be resolved in the near future. However, certain donor countries are not authorized to make formal multi-year voluntary pledges to ITC, as is also the case for UNDP where financial pledges are made annually.	The Board accepts that ITC is trying to achieve multi-year funding arrangements, wherever possible, but that a number of trust fund donors wish to continue providing funds on an annual basis only.
(j) The Board recommended that cooperation with other United Nations agencies should be intensified with regard to complementing project activities (para. 89).	The introduction of the "Programme Approach" by UNDP for the planning and implementation of technical and cooperation programmes and projects has brought a closer relationship at operational level. This has been facilitated by the adoption by UNDP of thematic priorities, such as poverty alleviation, in its programme at country and regional level which have brought together several agencies with a complementary role. ITC will continue to give particular attention to this recommendation.	The Board welcomes ITC's maintenance of close links with UNDP, the regional commissions of the United Nations and certain specialized agencies of the United Nations. The Board also notes ITC's efforts to increase involvement and cooperation with organizations at project level.

Board of Auditors' recommendations contained in paragraph 6 of its report on the biennium ended 31 December 1991	Measures taken by ITC	Comments of the Board
(k) The Board recommended that enterprise-approach assistance should be based on written agreements specifying mutual tasks and contributions (para. 91).	An internal ITC Working Group has examined the enterprise approach based on the experience gained in applying the detailed guidelines issued in 1987. The report, submitted to the Management, on 31 March 1994, deals with points raised by the Board. A formal decision on the group's findings will be taken by the new Executive Director when he assumes office in mid-June 1994.	The Board notes that ITC is considering the Working Group's findings. However, the Board continues to recommend that ITC establish a formal policy for enterprise projects as soon as possible. The Board recommends that the guidelines adopted for enterprise projects include the requirement to establish written agreements between the enterprises and ITC, clearly setting out the responsibilities of the organizations concerned.
(l) The Board recommended that the Centre should not conclude agreements with donors that are likely to limit its independence for recruiting (para. 79).	ITC did not consider the clause in the two relevant agreements as binding. However, ITC has not concluded any new agreements of this kind in 1992-1993. ITC will try to avoid such arrangements in the future.	The Board has noted ITC's assurances and will continue to monitor this matter in future audits.

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to VII, properly identified, the relevant schedules, the supporting explanatory notes and the annex of the International Trade Centre for the financial period ended 31 December 1993 in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

As a result of our examination, we are of the opinion that the financial statements present fairly the financial position of the International Trade Centre as at 31 December 1993 and the results of its operations for the financial period then ended; that they were prepared in accordance with the stated accounting policies which were applied on a basis consistent with that of the preceding financial period, and that the transactions were in accordance with the Financial Regulations and legislative authority.

In accordance with our usual practice, we have issued a long form report on our audit of the financial statements of the International Trade Centre, as provided for in the Financial Regulations.

(Signed) John BOURN
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Codanda Ganapathy SOMIAH
Comptroller and Auditor General
of India

30 June 1994

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

17 May 1994

I certify that the appended statements of the International Trade Centre, numbered I to VII, are correct.

(Signed) Yukio TAKASU
Controller

V. ACCOUNTS FOR THE BIENNIUM 1992-1993 ENDED 31 DECEMBER 1993

STATEMENT I

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Status of appropriations for the biennium 1992-1993 as at 31 December 1993
(United States dollars)

	Appropriations 1992-1993	Disbursements	Unliquidated Obligations	Total Expenditure	Unobligated balance of Appropriations
Section 16 - Trade Promotion					
Programme 1 - Policy making organ	303 700	154 299	148 688	302 987	713
Programme 2 - Executive direction and management	1 196 200	1 225 764	14 848	1 240 612	(44 412)
Programme 3 - Trade promotion and export development	19 206 100	18 739 726	454 394	19 194 120	11 980
Programme 4 - Administration and common services	15 674 100	14 565 614	880 699	15 446 313	227 787
Total	36 380 100	34 685 403	1 498 629	36 184 032	196 068
	(Statement II)			(Schedule 1.1)	

Schedule 1.1

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Major objects of expenditure by programme for the biennium 1992-1993 as at 31 December 1993
(United States dollars)

	Salaries and common staff costs	Travel	Contractual services	General operating expenses	Supplies and materials	Furniture and equipment	Total
Section 16 - Trade Promotion							
Programme 1 - Policy making organ	286 024	-	-	16 963	-	-	302 987
Programme 2 - Executive direction and management	1 162 812	77 800	-	-	-	-	1 240 612
Programme 3 - Trade promotion and export development	18 062 317	254 637	634 699	-	242 467	-	19 194 120
Programme 4 - Administration and common services	8 556 346	53 456	689 869	5 135 624	425 547	585 471	15 446 313
Total	28 067 499	385 893	1 324 568	5 152 587	668 014	585 471	36 184 032

(Statement I)

STATEMENT II

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Statement of income and expenditure and surplus account for the biennium 1992-1993 ended 31 December 1993
(United States dollars)

	Approved estimates for the biennium 1992-1993	Actual income as at 31 December 1993	Actual income as at 31 December 1991
I. Statement of income & expenditure			
Income			
Contributions from GATT	17 465 200	17 465 200	15 914 800
Contributions from United Nations	17 465 200	17 465 200	15 914 800
Contributions credited to income	34 930 400	34 930 400	31 829 600
Add : General income			
Transfer from Surplus Account	643 600	643 561	393 260
Rental of premises	559 100	551 049	635 610
Sale of publications	62 600	65 840	57 619
Interest on investments	112 000	117 074	78 037
Miscellaneous	72 400	6 848	23 695
Refunds of prior years' expenditures	-	66 308	53 281
Total general income	1 449 700	1 450 680	1 241 502
Total income	36 380 100	36 381 080	33 071 102
Total expenditure (Statement I)	36 380 100	36 184 032	32 637 117
Balance of Resources Available (Statement III)		197 048	433 985
II. Surplus account		1993	1991
Surplus available for credit to United Nations/GATT as at 1 January 1992		433 985	335 536
Add : Savings effected in liquidating prior year obligations		209 576	57 724
		643 561	393 260
Less : Amount applied as credits against contributions due from United Nations/GATT for 1992-1993		643 561	393 260
Surplus available as at 31 December 1993 (Statement III)		-	-

The accompanying notes are an integral part of the financial statements.

STATEMENT III

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Statement of assets and liabilities as at 31 December 1993
(United States dollars)

	1993	1991
Assets		
Cash	2 778 961 a/	1 311 409
Accounts receivable	231 950	207 212
Deferred charges and other assets	112 175	434 107
Total Assets	3 123 086	1 952 728
Liabilities		
Accounts payable	18 994	6 781
Unliquidated obligations (Statement I)	1 498 629	694 242
Due to International Trade Centre Trust Funds (Statement V)	600 731	817 720
Deferred income	807 684	-
Total Liabilities	2 926 038	1 518 743
Fund balance		
Surplus available for credit to United Nations/GATT (Statement II)	-	-
Balance of resources available		
January 92-December 1993	197 048	433 985
Total fund balance	197 048	433 985
Total liabilities & fund balance	3 123 086	1 952 728

a/ Includes interest-earning deposits $ 2 280 627 and $ 1 270 026 for current and previous biennia respectively.

The accompanying notes are an integral part of the financial statements.

STATEMENT IV

INTERNATIONAL TRADE CENTRE UNCTAD/GATT – SPECIAL ACCOUNTS FOR PROGRAMME SUPPORT COSTS

Statement of income and expenditure for the biennium 1992–1993 ended 31 December 1993
(in United States dollars)

	1993	1991
Income		
UNDP (Statement V)	2,992,396	4,271,070
Trust Funds (Statement V)	3,776,019	4,544,113
Associated agencies	336,719	158,311
Interest	56,349	162,768
Savings in liquidation of prior years' obligations	54,141	21,957
Compensation for exchange loss	–	107,522
Miscellaneous	91,638	199,477
Total income	7,307,262	9,465,218
Expenditure		
Staff and other personnel costs	6,720,250	8,352,044
Travel	5,077	48,559
Contractual services	184,348	72,000
Operating expenses	20,953	65,611
Acquisitions	–	173,853
Fellowships, grants, other	736,008	856,097
Total expenditure	7,666,636	9,568,164
Excess of income over expenditure	(359,374)	(102,946)

STATEMENT IV (concluded)

II. Statement of assets and liabilities as at 31 December 1993

	1993	1991
Assets		
Cash	1 220 707 b/	1 322 707
Accounts receivable	299 958	345 396
Deferred charges and other assets	832	-
Total assets	1 521 497	1 668 103
Liabilities		
Accounts Payable	5 056	-
Unliquidated obigations	69 685	89 663
Operating reserve	637 514	856 800
Due to ITC Trust Funds (statement V)	597 370	369 680
Total Liabilities	1 309 625	1 316 143
Fund balance		
Balance available 1 January 1992	351 960	611 706
Add: Excess of income over expenditure	(359 374)	(102 946)
Add: Transfers from reserve	219 286	(156 800)
Balance available 31 December 1993	211 872	351 960
Total liabilities and fund balance	1 521 497	1 668 103

b/ Held in interest-bearing bank deposits

The accompanying notes are an integral part of the financial statements.

STATEMENT V

TECHNICAL CO-OPERATION ACTIVITIES EXECUTED BY THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT

I. Combined statement of income and expenditure for the biennium 1992-1993 ended 31 December 1993
(United States Dollars)

	Technical co-operation trust funds	UNDP a/	TOTAL 1993	TOTAL 1991
Income				
Allocations	419 885	16 972 531	17 392 416	37 660 060
Contributions	29 992 048	-	29 992 048	36 763 079
Interest income	716 940	-	716 940	2 287 356
Total income	31 128 873	16 972 531	48 101 404	76 710 495
Expenditure				
Staff & other personnel costs	20 912 986	8 426 763	29 339 749	43 251 616
Travel	2 386 104	872 837	3 258 941	4 541 045
Contractual services	1 293 817	514 807	1 808 624	4 290 448
Operating expenses	1 710 366	940 619	2 650 985	3 779 788
Acquisitions	1 203 295	1 170 689	2 373 984	4 833 558
Fellowships, grants, etc.	2 143 570	2 054 420	4 197 990	7 772 476
Total project costs	29 650 138	13 980 135	43 630 273	68 468 931
Programme support costs (Statement IV)	3 776 019	2 992 396	6 768 415	8 815 183
Total expenditure	33 426 157	16 972 531	50 398 688	77 284 114
Net excess of income over expenditure	(2 297 284)	-	(2 297 284)	(573 619)

II. Combined statement of assets and liabilities as at 31 December 1993
(United States Dollars)

Assets				
Cash	11 283 917	84 238	11 368 155 b/	14 779 246
Contributions receivable	-	-	-	259 533
Contributions receivable (future years)	3 540 306	-	3 540 306	6 662 218
Accounts receivable	249 365	1 479 497	1 728 862	1 376 034
Due from ITC programme support cost (statement IV)	597 370	-	597 370	369 680
Due from ITC General fund (Statement III)	600 731	-	600 731	817720.00
Interfund balances receivable	397 243	-	397 243	216 063
Due from UNDP for excess of expenditure incurred over funds provided	183 808	383 476	567 284 c/	1 993 641
Unspent allocations	2 995	9 757 230	9 760 225	12 991 936
Deferred charges and other assets	2 760 427	829 067	3 589 494	4 929 339
Total assets	19 616 162	12 533 508	32 149 670	44 395 410
Liabilities				
Accounts payable	163 368	317 760	481 128	528 714
Unliquidated obligations	2 199 205	1 252 705	3 451 910	5 635 385
Unliquidated obligations (future periods)	2 705 102	808 570	3 513 672	4 793 546
Due to United Nations General Fund	1 091 694	-	1 091 694	820 624
Due to Training Packs Revolving Fund (statement VI)	36 827	-	36 827	34 272
Due to ICC/EDP Revolving Fund (statement VII)	122 475	-	122 475	41 225
Interfund balances payable	-	397 243	397 243	216 063
Operating reserve	1 087 816	-	1 087 816	700 000
Deferred income	11 071 943 d/	9 757 230	20 829 173	28 190 565
Total liabilities	18 478 430	12 533 508	31 011 938	40 960 394
Fund balance				
Balance available 1 January 1992	3 435 016	-	3 435 016	4 008 635
Add: Excess of income over expenditure	(2 297 284)	-	(2 297 284)	(573 619)
Balance available 31 December 1993	1 137 732	-	1 137 732	3 435 016
Total liabilities and fund balance	19 616 162	12 533 508	32 149 670	44 395 410

a/ Excludes income received/expenditure incurred by ITC as associated agency.
b/ Includes $ 10 853 609 interest-earning bank deposits.
c/ This amount represents funds that will be requested, in accordance with existing arrangements with UNDP, only as payments in settlement of the unliquidated obligations become due.
d/ Includes $ 3 540 306 trust fund contributions receivable for future years.

The accompanying notes are an integral part of the financial statements.

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Technical co-operation activities financed by trust funds

Combined schedule of income and expenditure and fund balance for the biennium 1992-1993 ended 31 December 1993
(United States dollars)

	Fund balance 1 January 1992	Income: Allocations Contributions received interest miscellaneous income	Income: Pledged Contributions unpaid	Income: Deferred income	Income: Total income	Expenditure	Fund balance 31 December 1993
Projects financed by recipient governments							
Egypt	4 634	(6 851)	-	-	(6 851)	(2 217)	-
Greece	-	656 650	-	76 440	582 210	503 654	78 556
Madagascar	-	76 023	-	-	76 023	62 033	13 990
Malta	1 968	(1 968)	-	-	(1 968)	-	-
Mexico	11 199	52 963	-	6 245	46 718	57 584	353
Subtotal	17 801	778 817	-	82 685	696 132	621 034	92 899
Associate experts							
Finland	9 442	116 224	-	51 240	64 984	72 640	1 786
France	-	93 422	-	-	93 422	77 081	16 341
Germany	8 103	140 508	-	20 223	120 285	127 508	882
Italy	11 818	260 218	-	40 912	219 306	228 767	2 357
Netherlands	98 160	533 273	-	189 225	344 048	432 324	7 884
Sweden	15 282	307 894	-	73 455	234 439	227 888	21 833
Subtotal	140 805	1 451 539	-	375 055	1 076 484	166 208	51 083
Other projects financed by donor governments							
Austria	228	(228)	-	-	(228)	-	-
Bangladesh	2 363	128	-	2 416	(2 288)	-	75
Belgium	66 669	1 003 727	-	923 660	80 067	115 886	30 850
Canada	78 460	1 147 990	-	72 654	1 075 336	1 040 882	112 934
China	1 606	102 187	-	101 904	283	-	1 889
Denmark	58 174	2 485 393	-	54 873	2 430 520	2 488 694	-
Finland	55 694	2 842 873	-	454 699	2 388 174	2 428 674	15 194
France	16 296	857 693	-	87 556	770 137	776 466	9 967
Germany	343 372	1 668 204	-	665 184	1 023 020	1 343 580	22 812
India	17	1 124	-	1 125	(1)	-	16
Indonesia	337	73 082	-	50 818	22 264	21 452	1 149
Iran	-	96 671	-	13 163	83 508	82 891	617
Italy	199 956	1 907 101	-	881 752	1 025 349	1 136 575	88 730

Schedule 5.1 (cont.)

	Fund balance 1 January 1992	Income: Allocations Contributions received interest miscellaneous income	Income: Pledged Contributions unpaid	Income: Deferred income	Income: Total income	Expenditure	Fund balance 31 December 1993
Japan	115 984	750 822	-	359 128	391 694	329 033	178 645
Republic of Korea	1 209	52 794	-	52 367	427	-	1 636
Netherlands	33 983	3 327 300	-	118 939	3 208 361	3 208 504	33 840
Netherlands - Foreign Affairs	48 874	232 311	-	74 373	157 938	205 013	1 799
New Zealand	2 145	568	-	1 212	(644)	1 463	38
Norway	323 712	2 833 642	-	212 161	2 621 481	2 921 135	24 058
Poland	-	18 742	-	1 176	17 566	17 462	104
Spain	3 089	24 125	-	-	24 125	27 214	-
Sri Lanka	23 009	728	-	6 975	(6 247)	16 531	231
Sweden	739 573	5 531 889	-	971 152	4 560 737	5 274 230	26 080
Swedish International Development Authority	574 782	2 668 550	-	662 466	2 006 084	2 346 243	234 623
Switzerland	193 731	4 741 307	-	886 251	3 855 056	4 000 735	48 052
Russian Federation	57 533	127 347	-	69 975	57 372	112 719	2 186
Multiple Asian Donors	46 495	154 008	-	12 184	141 822	169 590	18 727
Multiple Donors for Packaging project	-	540 000	-	-	540 000	496 812	43 188
Subtotal	2 987 311	33 210 076	-	6 738 163	26 471 913	28 561 784	897 440
UNDP administered trust funds							
Sectoral Support	124 704	404 885	-	-	404 885	529 589	-
United Nations Development Fund for Women	-	15 000	-	-	15 000	12 005	2 995
Subtotal	124 704	419 885	-	-	419 885	541 594	2 995
Other trust Funds							
Asian Development Bank	2 952	463 143	-	11 279	451 864	441 257	13 559
Chamber of Commerce of Medellin	-	17 547		-	17 547	10 757	6 790
Chocolate & Cocoa Association of Japan	-	23 274		17 000	6 274	2 349	3 925
Deutsche Investitions-und Entwicklungsgesellschaft mbH	-	88 932		74 300	14 632	13 069	1 563
Economic Commission for West Africa	20 089	84 074	-	-	84 074	104 063	80
European Economic Community	51 620	129 829	-	45 000	84 829	127 533	8 916
Finnish International Development Agency	10 548	52 298	-	3 107	49 191	59 739	-
German Agency for Technical Cooperation	2 154	18 643	-	-	18 643	20 797	-
Import Promotion Office for Products from Developing Countries	434	(434)	-	-	(434)	-	-
Industrial Bank of Kuwait		37 462		-	37 462	30 753	6 709
International Tropical Timber Organization	12 041	756 500	-	92 168	666 332	663 871	14 502
International Jute Organization	10 342	374 621	-	59 151	315 470	321 154	4 658
Jeddah Chamber of Commerce	-	30 362		-	30 362	19 634	10 728
Jordan Commercial Centers' Corporation	-	39 466		-	39 466	32 063	7 423

Schedule 5.1 (concluded)

	Fund balance 1 January 1992	Income: Allocations Contributions received interest miscellaneous income	Income: Pledged Contributions unpaid	Income: Deferred income	Income: Total income	Expenditure	Fund balance 31 December 1993
Korea Trade Promotion Corporation	62	492	-	547	(55)	-	7
Mauritius Freeport Authority	-	25 305		-	25 305	16 952	8 353
National Institute for External Trade (ICE)	-	132 825	-	5 365	127 460	126 653	807
Saudi Arabia Basic Industries Corporation	2 646	40 431	-	-	40 431	42 624	456
Saudi Chamber of Commerce	-	30 438		-	30 438	28 838	1 600
Universidad Jorge Tadeo Lozano	-	12 802		12 780	22	-	22
World Health Organization	-	294 272	-	10 412	283 860	281 306	2 554
World Packaging Organization	334	(334)	-	-	(334)	-	-
UNCTAD (Section 24)	50 153	(49 143)	-	-	(49 143)	1 010	-
UN International Drug Control Programme	1 038	195 368	-	4 625	190 743	191 117	664
Subtotal	164 395	2 800 193	-	335 734	2 464 459	2 535 539	93 315
Total ITC projects	3 435 016	38 680 510	-	7 531 637	31 128 873	33 428 157	1 137 732

Schedule 5.2

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Technical co-operation activities financed by trust funds

Combined schedule of income and expenditure and fund balance for the twelve-month period of the biennium 1992-1993 ended 31 December 1992

(United States dollars)

		Income					
	Fund balance 1 January 1992	Allocations Contributions received Interest miscellaneous income	Pledged Contributions unpaid	Deferred income	Total income	Expenditure	Fund balance 31 December 1992
Projects financed by recipient governments							
Egypt	4,634	(6,184)	–	–	(6,184)	(2,217)	667
Malta	1,968	(1,759)	–	–	(1,759)	–	209
Mexico	11,199	52,610	–	10,781	41,829	52,418	610
Sub-total	17,801	44,667	–	10,781	33,886	50,201	1,486
Associate experts							
Finland	9,442	114,438	–	67,830	46,608	53,732	2,318
France	–	92,000	–	92,000	–	–	–
Germany	8,103	139,627	–	46,866	92,761	86,545	14,319
Italy	11,818	125,660	26,971	–	152,651	139,530	24,939
Netherlands	96,160	440,389	–	244,823	195,566	284,216	7,510
Sweden	15,282	254,957	–	140,870	114,087	115,785	13,584
Sub-total	140,805	1,167,091	26,971	592,389	601,673	679,808	62,670
Other projects financed by donor governments							
Austria	228	(228)	–	–	(228)	–	–
Bangladesh	2,363	53	–	2,363	(2,310)	–	53
Belgium	66,669	972,877	–	907,238	65,639	24,176	108,132
Canada	78,480	1,141,999	–	452,808	689,191	759,938	7,733
China	1,606	50,278	–	51,415	(1,137)	–	469
Denmark	58,174	1,796,871	–	124,479	1,672,392	1,724,677	5,889
Finland	55,694	2,173,884	–	232,330	1,941,554	1,902,558	94,690
France	16,296	636,459	–	256,603	379,856	380,472	15,680
Germany	343,372	976,451	–	831,098	145,353	473,038	15,687
India	17	478	–	–	478	–	495
Indonesia	337	50,034	–	28,300	21,734	21,452	619
Iran	–	76,055	–	–	76,055	52,882	23,173
Italy	199,956	1,875,914	–	930,203	945,711	1,099,648	46,019
Japan	115,964	467,143	–	454,560	12,583	79,973	48,594
Republic of Korea	1,209	51,158	–	51,209	(51)	–	1,158
Netherlands	33,983	1,700,020	–	163,737	1,536,283	1,558,658	11,608

Schedule 5.2 (concluded)

	Fund balance 1 January 1992	Income: Allocations Contributions received interest miscellaneous income	Income: Pledged Contributions unpaid	Income: Deferred income	Income: Total income	Expenditure	Fund balance 31 December 1992
Netherlands – Foreign Affairs	46,874	80,624	–	15,357	65,267	112,852	1,289
New Zealand	2,145	529	–	1,130	(601)	1,463	81
Norway	323,712	2,005,980	–	298,732	1,707,248	1,992,472	38,488
Poland	–	24,216	–	24,216	0	–	–
Spain	3,089	24,144	–	104	24,040	27,110	19
Sri Lanka	23,009	497	–	6,138	(5,641)	16,871	497
Sweden	739,573	3,246,288	444,650	168,832	3,522,106	3,744,945	516,734
Swedish International Development Authority	574,782	1,674,227	–	858,445	815,782	1,359,420	31,144
Switzerland	193,731	3,375,254	–	1,367,349	2,007,905	2,170,746	30,890
Russian Federation	57,533	125,161	–	67,904	57,257	112,719	2,071
Multiple Asian Donors	46,495	75,406	–	13,647	61,759	108,254	–
Sub-total	2,987,311	22,601,772	444,650	7,308,197	15,738,225	17,724,324	1,001,212
UNDP-administered trust funds							
Sectoral support	124,704	–	–	–	–	233,082	(108,378)
Sub-total	124,704	–	–	–	–	233,082	(108,378)
Other trust funds							
Asian Development Bank	2,952	374,058	–	2,952	371,106	365,731	8,327
Economic Community for West Africa	20,069	87,051	–	18,338	68,713	87,231	1,551
European Economic Community	51,620	62,475	–	–	62,475	114,944	(849)
Finnish International Development Agency	10,548	55,902	–	11,217	44,685	53,633	1,600
German Agency for Technical Cooperation	2,154	18,643	–	–	18,643	20,797	–
Import Promotion Office for Products from Developing Countries	434	(434)	–	–	(434)	–	–
International Tropical Timber Organization	12,041	750,110	–	444,840	305,270	317,311	–
International Jute Organization	10,342	271,963	–	99,579	172,384	166,796	15,930
Korea Trade Promotion Corporation	62	170	–	–	170	–	232
National Institute for External Trade (ICE)	–	132,632	–	–	132,632	127,268	5,364
Saudi Arabia Basic Industries Corporation	2,648	36,312	–	16,950	19,362	21,111	899
World Health Organization	–	291,718	–	–	291,718	132,996	158,722
World Packaging Organization	334	(331)	–	–	(331)	–	3
UNCTAD (Section 12)	50,153	(49,143)	–	–	(49,143)	1,010	–
United Nations International Drug Control Programme	1,038	194,705	–	78	194,627	183,890	11,775
Sub-total	164,395	2,225,831	–	593,954	1,631,877	1,592,718	203,554
Total ITC projects	3,435,016	26,039,361	471,621	8,505,321	18,005,661	20,280,133	1,160,544

Schedule 5.3

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Technical co-operation activities financed by trust funds

Combined schedule of income and expenditure and fund balance for the year 1993 ended 31 December 1993
(United States dollars)

	Fund balance 1 January 1993	Income: Allocations Contributions received interest miscellaneous income	Income: Pledged Contributions unpaid	Income: Deferred income	Income: Total income	Expenditure	Fund balance 31 December 1993
Projects financed by recipient governments							
Egypt	667	(667)	-	-	(667)	-	-
Greece	-	658 650	-	76 440	582 210	503 654	78 556
Madagascar	-	76 023	-	-	76 023	62 033	13 990
Malta	209	(209)	-	-	(209)	-	-
Mexico	610	11 134	-	6 245	4 889	5 146	353
Subtotal	1 486	744 931	-	82 685	662 246	570 833	92 899
Associate experts							
Finland	2 318	69 616	-	51 240	18 376	18 908	1 786
France	-	93 422	-	-	93 422	77 081	16 341
Germany	14 319	47 747	-	20 223	27 524	40 961	882
Italy	24 939	107 567	-	40 912	66 655	89 237	2 357
Netherlands	7 510	337 707	-	189 225	148 482	148 108	7 884
Sweden	13 584	193 807	-	73 456	120 352	112 103	21 833
Subtotal	62 670	849 866	-	375 056	474 811	486 398	51 083
Other projects financed by donor governments							
Austria	-	-	-	-	-	-	-
Bangladesh	53	2 438	-	2 416	22	-	75
Belgium	108 132	938 088	-	923 660	14 428	91 710	30 850
Canada	7 733	458 799	-	72 654	386 145	280 944	112 934
China	469	103 324	-	101 904	1 420	-	1 889
Denmark	5 889	813 001	-	54 873	758 128	764 017	-
Finland	94 690	901 319	-	454 699	446 620	526 116	15 194
France	15 680	477 837	-	87 556	390 281	395 994	9 967
Germany	15 687	1 542 851	-	665 184	877 667	870 542	22 812
India	495	646	-	1 125	(479)	-	16
Indonesia	619	51 348	-	50 818	530	-	1 149
Iran	23 173	20 616	-	13 163	7 453	30 009	617
Italy	46 019	981 390	-	881 752	79 638	36 927	88 730

	Fund balance 1 January 1993	Income: Allocations Contributions received interest miscellaneous income	Income: Pledged Contributions unpaid	Income: Deferred income	Income: Total income	Expenditure	Fund balance 31 December 1993
Japan	48 594	738 239	-	359 128	379 111	249 060	178 645
Republic of Korea	1 158	52 845	-	52 367	478	-	1 636
Netherlands	11 608	1 791 017	-	118 939	1 672 078	1 649 846	33 840
Netherlands - Foreign Affairs	1 289	167 044	-	74 373	92 671	92 161	1 799
New Zealand	81	1 169	-	1 212	(43)	-	38
Norway	36 486	1 126 394	-	212 181	914 233	928 663	24 058
Poland	-	18 742	-	1 176	17 566	17 462	104
Spain	19	85	-	-	85	104	-
Sri Lanka	497	6 369	-	6 975	(606)	(340)	231
Sweden	516 734	2 009 783	-	971 152	1 038 631	1 529 285	26 080
Swedish International Development Authority	31 144	1 852 768	-	662 466	1 190 302	986 823	234 623
Switzerland	30 890	2 733 402	-	886 251	1 847 151	1 829 989	48 052
Russian Federation	2 071	70 080	-	69 975	115	-	2 186
Multiple Asian Donors	-	92 247	-	12 184	80 063	61 336	18 727
Multiple Donors for Packaging project	-	540 000	-	-	540 000	496 812	43 188
Subtotal	1 001 212	17 471 851	-	6 736 163	10 733 688	10 837 460	897 440
UNDP administered trust funds							
Sectoral Support	(108 378)	404 885	-	-	404 885	296 507	-
United Nations Development Fund for Women	-	15 000	-	-	15 000	12 005	2 995
Subtotal	(108 378)	419 885	-	-	419 885	308 512	2 995
Other trust Funds							
Asian Development Bank	8 327	92 037	-	11 279	80 758	75 526	13 559
Chamber of Commerce of Medellin	-	17 547	-	-	17 547	10 757	6 790
Chocolate & Cocoa Association of Japan	-	23 274	-	17 000	6 274	2 349	3 925
Deutsche Investitions-und Entwicklungsgesellschaft mbH	-	88 932	-	74 300	14 632	13 069	1 563
Economic Community of West African States	1 551	15 381	-	-	15 381	16 832	80
European Economic Community	(649)	67 354	-	45 000	22 354	12 589	8 916
Finnish International Development Agency	1 600	7 613	-	3 107	4 506	6 106	-
German Agency for Technical Cooperation	-	-	-	-	-	-	-
Import Promotion Office for Products from Developing Countries	-	-	-	-	-	-	-
Industrial Bank of Kuwait	-	37 462	-	-	37 462	30 753	6 709
International Tropical Timber Organization	-	453 230	-	92 168	361 062	346 560	14 502
International Jute Organization	15 930	202 237	-	59 151	143 086	154 358	4 658
Jeddah Chamber of Commerce	-	30 362	-	-	30 362	19 634	10 728
Jordan Commercial Centers' Corporation	-	39 466	-	-	39 466	32 043	7 423

Schedule 5.3 (concluded)

	Fund balance 1 January 1993	Income: Allocations Contributions received interest miscellaneous income	Income: Pledged Contributions unpaid	Income: Deferred income	Income: Total income	Expenditure	Fund balance 31 December 1993
Korea Trade Promotion Corporation	232	322	-	547	(225)	-	7
Mauritius Freeport Authority	-	25 305	-	-	25 305	16 952	8 353
National Institute for External Trade (ICE)	5 364	193	-	5 365	(5 172)	(615)	807
Saudi Arabia Basic Industries Corporation	899	21 089	-	-	21 089	21 513	455
Saudi Chamber of Commerce	-	30 438	-	-	30 438	28 838	1 600
Universidad Jorge Tadeo Lozano	-	12 802	-	12 780	22	-	22
World Health Organization	158 722	2 554	-	10 412	(7 858)	148 310	2 554
World Packaging Organization	3	(3)	-	-	(3)	-	-
UNCTAD (Section 24)	-	-	-	-	-	-	-
UN International Drug Control Programme	11 775	741	-	4 625	(3 884)	7 227	664
Subtotal	203 564	1 168 316	-	335 734	832 582	942 821	93 315
Total ITC projects	**1 160 544**	**20 654 849**	-	**7 531 637**	**13 123 212**	**13 146 024**	**1 137 732**

Schedule 5.4

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Technical Co-operation activities financed by
the United Nations Development Programme

Expenditure by source of funds for the biennium 1992-1993
ended 31 December 1993
(United States dollars)

	Disbursements 1993	Unliquidated obligations as at 31 Dec. 1993	Total expenditure 1993
1. Project costs			
Source of funds a/			
Country IPF	2 754 305	969 155	3 723 460
Regional IPF	1 092 033	208 391	1 300 424
Interregional IPF	197 147	60 091	257 238
Subtotal (Schedule 5.5)	4 043 485	1 237 637	5 281 122
Special Measures Fund for the Least Developed Countries	(7 965)	15 068	7 103
Total project costs	4 035 520	1 252 705	5 288 225
Programme support costs			1 157 921
Total expenditure for 1993			6 446 146
2. Year ended 31 December 1992			
Total expenditure for 1992			10 526 385
Grand total for the biennium 1992-1993			16 972 531
			(Statement V)

a/ Including cost-sharing, where applicable.

Schedule 5.5

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Technical Co-operation activities financed by United Nations Development Programme

Project costs by country and region for the year ended 31 December 1993
(United States dollars)

	Indicative planning figure a/		Special Measures Fund for the Least Developed Countries		Total	
	Disbursements	Unliquidated Obligations	Disbursements	Unliquidated Obligations	Disbursements	Unliquidated Obligations
Country projects						
Bangladesh	780 356	146 893	-	-	780 356	146 893
Bolivia	227 878	60 290	-	-	227 878	60 290
Botswana	246 930	15 369	-	-	246 930	15 369
China	25 839	3 901	-	-	25 839	3 901
Colombia	(408)	-	-	-	(408)	-
Cuba	1 232	760	-	-	1 232	760
Ethiopia	33 804	-	-	-	33 804	-
Gambia	13 930	6 460	-	-	13 930	6 460
Ghana	212 406	323 197	-	-	212 406	323 197
Haiti	(9 800)	-	-	-	(9 800)	-
Honduras	18 936	30 415	-	-	18 936	30 415
India	(14 953)	-	-	-	(14 953)	-
Islamic Republic of Iran	30 613	-	-	-	30 613	-
Jordan	90 256	2 895	-	-	90 256	2 895
Liberia	4 230	2 475	-	-	4 230	2 475
Madagascar	(30 399)	28 485	-	-	(30 399)	28 485
Malawi	44 729	12 160	-	-	44 729	12 160
Morocco	20 252	6 456	-	-	20 252	6 456
Mozambique	(4 027)	-	-	-	(4 027)	-
Namibia	60 258	102	-	-	60 258	102
Niger	32 416	2 955	-	-	32 416	2 955
Nigeria	15 301	10 650	-	-	15 301	10 650
Romania	91 453	22 404	-	-	91 453	22 404
Rwanda	49 363	23 058	-	-	49 363	23 058
Saudi Arabia	6 516	-	-	-	6 516	-
Sierra Leone	40 725	2 020	-	-	40 725	2 020

Schedule 5.5 (concluded)

	Indicative planning figure a/		Special Measures Fund for the Least Developed Countries		Total	
	Disbursements	Unliquidated Obligations	Disbursements	Unliquidated Obligations	Disbursements	Unliquidated Obligations
Sri Lanka	23 984	-	-	-	23 984	-
Sudan	-	-	(1 814)	-	(1 814)	-
Swaziland	107 554	17 245	-	-	107 554	17 245
Syrian Arab Republic	66 734	151 532	-	-	66 734	151 532
Thailand	5 108	-	-	-	5 108	-
Tunisia	1 197	-	-	-	1 197	-
Uganda	57 749	12 341	-	-	57 749	12 341
United Rep. of Tanzania	371 213	49 439	-	-	371 213	49 439
Ukraine	13 847	-	-	-	13 847	-
Uruguay	8 061	-	-	-	8 061	-
Viet Nam	115 640	34 809	-	-	115 640	34 809
Zambia	(4 618)	2 844	-	-	(4 618)	2 844
Yemen	-	-	(6 151)	15 068	(6 151)	15 068
Subtotal	2 754 305	969 155	(7 965)	15 068	2 746 340	984 223
Regional projects						
Africa	403 477	59 610	-	-	403 477	59 610
Asia and the Pacific	634 915	122 985	-	-	634 915	122 985
Latin America	4 364	10 000	-	-	4 364	10 000
Arab States	49 277	15 796	-	-	49 277	15 796
Subtotal	1 092 033	208 391	-	-	1 092 033	208 391
Inter-Regional projects	197 147	60 091	-	-	197 147	60 091
Total (Schedule 5.4)	4 043 485	1 237 637	(7 965)	15 068	4 035 520	1 252 705

a/ Including cost-sharing, where applicable

Statement VI

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

TRAINING PACKS REVOLVING FUND

I. Statement of income and expenditure for the biennium 1992-1993 ended 31 December 1993
(United States dollars)

	1993	1991
Income		
Sales of training packs to projects	24 490	24 795
Sales of training packs to others	27 458	27 932
Interest	1 783	1 813
Total income	53 731	54 540
Expenditure		
Costs of reprinting translations, etc.	51 176	52 518
Excess of income over expenditure	2 555	2 022

II. Statement of assets and liabilities as at 31 December 1993
(United States dollars)

Assets		
Due from ITC trust funds (Statement V)	36 827	34 272
Total assets	36 827	34 272
Liabilities	-	-
Fund balance		
Balance available I January 1992	34 272	32 250
Add: Excess of income over expenditure	2 555	2 022
Total fund balance	36 827	34 272
Total liabilities and fund balance	36 827	34 272

Statement VII

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

ICC/EDP REVOLVING FUND

I. Statement of income and expenditure for the biennium 1992-1993 ended 31 December 1993
(United States dollars)

	1993	1991
Income		
Sales of services to projects	141 979	126 839
Sales of services to others	38 380	42 710
Interest	5 815	9 092
Total income	186 174	178 641
Expenditure		
Costs of ICC services	104 924	305 497
Excess of income over expenditure	81 250	(126 856)

II. Statement of assets and liabilities as at 31 December 1993
(United States dollars)

Assets		
Due from ITC trust funds (Statement V)	122 475	41 225
Total assets	122 475	41 225
Liabilities	-	-
Fund balance		
Balance available I January 1992	41 225	168 081
Add: Excess of income over expenditure	81 250	(126 856)
Total fund balance	122 475	41 225
Total liabilities and fund balance	122 475	41 225

Notes to the financial statements

Summary of significant accounting policies

The following are the significant accounting policies of the International Trade Centre:

(a) The International Trade Centre accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller. They also take fully into account the common accounting standards for the United Nations system, as adopted by the Administrative Committee on Coordination (ACC). The General Assembly has taken note of these standards in its resolution 48/216 C dated 23 December 1993. The United Nations follows the International Accounting Standard 1 on the disclosure of accounting policies, as modified by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show corresponding figures for the preceding period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) Fund accounting. The Centre's accounts are maintained on a "fund accounting" basis and each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Centre is a biennium and consists of two consecutive calendar years.

(d) The income, expenditure, assets and liabilities are recognized on the accrual basis of accounting.

(e) Translation of currencies. The accounts of the Centre are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller in accordance with the delegation of authority from the Under-Secretary-General for Administration and Management, shall reflect the cash, investments, unpaid contributions (other than contributions for future years), and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements.

(f) Funds on deposit in interest-bearing bank accounts, certificates of deposit, time deposits and call accounts are shown in the statements of assets and liabilities as cash. Apart from changes in value arising from the retranslation of currencies as provided for in subparagraph (e) above, all investments are stated at cost.

(g) Deferred charges:

(i) Deferred charges comprise expenditure items which are not properly chargeable in the current financial period and which will be charged as expenditure in the subsequent financial period;

(ii) For balance sheet purposes only, that portion of the education grant advance which is assumed to pertain to the scholastic year completed as of the date of the financial statement is shown as a deferred charge. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered.

(h) Gain and loss on exchange. On the closing of the accounts at the end of each financial period, the balance for loss or gain on exchange is debited to the budget if there is a net loss; if there is a net gain, the gain is credited to miscellaneous income. However, gains or losses on exchange are treated differently for trust funds as in subparagraph (m) (xi) below.

(i) No provision is made in the General Fund for repatriation grant entitlements or to meet contingencies under appendix D to the Staff Rules of the United Nations as funds are provided for in budget appropriations. However, provision to meet contingent liabilities for compensation under appendix D for personnel financed by technical cooperation trust funds and by support costs is calculated on the basis of 1 per cent of the net base pay. This provision is maintained in the United Nations General Fund.

(j) Fixed assets, consisting of furniture, equipment, etc. are not included in the assets of the Centre. Acquisitions are charged against budget accounts in the year of purchase.

(k) Miscellaneous income:

(i) Refunds of expenditures which had been charged in the same financial period against the budgetary accounts are credited against the same accounts, but refunds of expenditure relating to the prior period are credited to miscellaneous income;

(ii) All monies accepted for purposes specified by the donors are treated as trust funds or special accounts. However, monies accepted in respect of which no purpose is specified are treated as miscellaneous income;

(iii) The proceeds from the sale of surplus property, the purchase of which was financed by the General Fund, are credited to the miscellaneous income of that fund. Miscellaneous income arising on technical cooperation activities is accounted for as described in subparagraph (m) (iv).

(l) Savings on liquidation of General Fund prior periods' obligations are credited directly to the surplus account of that fund. Savings on technical cooperation obligations are accounted for as described in subparagraph (m) (vii).

(m) Technical cooperation accounts:

(i) The technical cooperation financial statements report on the activities financed by the United Nations Development Programme (UNDP), and the trust funds;

(ii) Allocation income - UNDP. The figures for allocation income from UNDP are the same as reported for total expenditure in line with UNDP procedures which require that allocations be adjusted to equal actual expenditure;

(iii) Contribution income - trust funds. Contributions from Governments or other donors are recorded upon receipt of the contribution or upon approval of the project by the donor. All monies accepted for purposes specified by the donor are treated as trust funds or special accounts. Separate accounts are set up for each project as approved by the donor and the recipient country. Schedules to the financial statements are presented showing prior year and current year expenditure together with a consolidated schedule for the biennium. Contribution for future years are recorded as deferred income;

(iv) Interest and miscellaneous income. Interest and miscellaneous income arising from UNDP activities are credited to the operating fund accounts maintained with that organization. Interest accruing from the short-term investment of trust funds is credited first to the operating reserve to maintain that reserve at the agreed level (subparagraph (xii) refers), then to support costs to meet any annual deficit attributable to currency fluctuations and thereafter to donors' funds. Trust fund miscellaneous income accruing from the sale of surplus property or refunds of expenditure are credited to the project from which the purchase or expenditure was originally financed. If the project is closed, this income is credited to the donor;

(v) Unspent allocations/deferred income - UNDP. The unspent balance of allocations issued for the current year, together with allocations issued for future years, is reflected as an asset and as deferred income. Unspent allocations for UNDP-financed projects are based on the project budgets. Unspent allocations for UNDP-administered trust funds are based on allocation advices issued by UNDP;

(vi) Deferred income for other trust funds comprises contributions received in respect of project budgets which extend beyond the current period, together with the programme support income relating to those project budgets;

(vii) Unliquidated obligations for the current period in respect of UNDP-financed activities remain valid for 12 months following the end of the year, rather than the biennium, to which they relate. However, in accordance with UNDP reporting requirements, executing agencies may retain unliquidated obligations beyond 12 months when a firm liability to pay still exists; such liabilities are reported as accounts payable in the financial statements. Savings in the liquidation of prior period obligations are credited to individual projects as a reduction of current period expenditure in accordance with UNDP reporting requirements;

(viii) Unliquidated obligations for future years are reported as deferred charges and as a separate liability item;

(ix) A system of average costing is used for UNDP projects whereby those elements of experts' actual costs which are unique to the individual expert are charged to UNDP projects at average cost, calculated by apportioning those costs over all UNDP projects in respect of which expert-months have been delivered in the current period;

(x) A system of standard costs is applied to trust fund projects. Projects are charged at standard costs for the provision of experts' services, the annual difference between the standard applied and the actual costs incurred being transferred to the operating reserve (subparagraph (xii) refers);

(xi) Loss or gain on exchange. Any exchange difference incurred in respect of UNDP projects is debited or credited to the operating fund maintained with that organization. Any differences accruing on trust fund projects in respect of normal day-to-day transactions is borne by the appropriate project budgets. Those currency fluctuations which cannot be attributed to any particular project are debited/credited to the operating reserve (subparagraph (xii) refers);

(xii) Operating reserve - trust funds. The Centre's policy is to maintain this reserve at a predetermined level (currently $1,087,816) and agreement has been reached with donors that the first charge upon interest be for the purpose of maintaining the reserve at that level;

(xiii) Trust fund donors' fund balances. These funds comprise the unobligated balance of allocations, contributions not yet allocated, residual balances of closed projects, interest, and miscellaneous income, including those items described under subparagraphs (iv) and (xi). These funds are held pending instructions from the donor as to their disposal and are constantly under review in the course of continuing discussions which are maintained with all donors.

(n) Income accruing from the sale of any training pack or similar item financed from trust fund and other resources is credited to the Training Pack Revolving Fund (statement VI) and utilized to finance the costs of reprinting, translation and other related costs.

(o) Income accruing from the sale of electronic data processing services financed from trust fund and other resources is credited to the ICC/EDP Revolving Fund (statement VII) and utilized to finance the provision of further services.

(p) Special accounts for programme support costs:

(i) Reimbursement for programme support costs is provided for in respect of extrabudgetary technical cooperation activities and accounted for in the support costs fund. The reimbursement is calculated as a percentage of the programme resources expended;

(ii) In the interim and biennial financial statements of the Centre, the account for programme support costs (statement IV) is shown separately from the extrabudgetary funds (statement V) from which its income derives;

(iii) Unliquidated obligations in respect of special accounts for programme support costs are accounted for on the same basis as for the programme budget;

(iv) Any balance in the support costs fund is carried forward to the next biennium;

(v) An operating reserve is maintained to meet contingent liabilities.

ANNEX

INTERNATIONAL TRADE CENTRE

Statement of changes in financial position for the biennium ended 31 December 1993

(Thousands of United States dollars)

	1993	1991
A. RESULTS OF OPERATIONS		
Sources of funds		
Direct contributions from GATT	17 465.2	15 914.8
Direct contributions from the United Nations	17 465.2	15 914.8
Other income from revenue-producing activities and interest	740.8	795.0
Refund of prior years' expenditures	66.3	53.3
Net savings in liquidating prior year obligations	209.5	57.7
Total	35 947.0	32 735.6
Application of funds		
Operating expenditures	36 184.0	32 637.1
Result of operations	(237.0)	98.5
B. OTHER CHANGES		
(Increase) decrease in receivables	297.2	(421.9)
Increase (decrease) in payables	1 407.3	445.1
Net other changes	1 704.5	23.2
A + B Net increase in cash and investments	1 467.5	121.7
Cash balance on 1 January 1992	1 311.4	1 189.7
Cash balance on 31 December 1993	2 778.9	1 311.4